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Supreme Court, U.S.
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No.____

IN THE

SUPREME COURT OF THE UNITED STATES

October Term, 1985

SARGENT ELECTRIC COMPANY,

Petitioner

v.

UNITED STATES OF AMERICA,

Respondent

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

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QUESTIONS PRESENTED

May a circuit court of appeals, by legislating a new element of an offense into the Sherman Act, deprive a person of his rights under the double jeopardy clause;

What is the test to be applied to in determining a defendant's double jeopardy claim arising out of successive indictments, both of which have charged a violation of Section 1 of the Sherman Act?

STATEMENT PURSUANT TO RULE 21(b)

There were three parties to this case in the Third Circuit Court of Appeals that are not listed in the caption of this Petition:

1. Lord Electric Company
2. W. V. Pangborne & Co., Inc.
3. J. A. Bruce Pinney

It is contemplated that Lord Electric Company, W. V. Pangborne & Co., Inc., and J. A. Bruce Pinney will file a Joint Petition For Writ of Certiorari.

STATEMENT PURSUANT TO RULE 28.1

This Petition is filed on behalf of Sargent Electric Company which has no parent company, no subsidiaries (except wholly-owned subsidiaries), and no affiliates.

JOINDER OF PETITIONS FOR A WRIT OF CERTIORARI ARISING FROM THE SAME JUDGMENT

Pursuant to Rule 19.4 of the Rules of the Supreme Court of the United States, Petitioner Sargent Electric Company, hereby joins in the Petition For Writ of Certiorari submitted jointly by Lord Electric Company, W. V. Pangborne & Co., Inc. and J. A. Bruce Pinney.

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SARGENT ELECTRIC COMPANY,

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THE UNITED STATES,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

Petitioner Sargent Electric Company respectfully prays for a writ of certiorari to review the judgment of the United States Court of Appeals for the Third Circuit in this case, entered on March 14, 1986.

OPINIONS BELOW

The opinion of the United States Court of Appeals for the Third Circuit is reported in 785 F.2d 1123. A copy of the opinion is attached hereto at A-1. The transcript of the Memorandum Decision of the District Court is attached hereto at A-36.

JURISDICTION

The judgment of the Court of Appeals (A-53) was entered on March 14, 1986; on April 18, 1986, it denied Petitioner's Motion For Rehearing En Banc (A-56). The Court of Appeals stayed its mandate, pursuant to Rule 41(b) of the Federal Rules of Appellate Procedure, on May 2, 1986 (A-57). The jurisdiction of this Court is invoked under 28 U.S.C. §1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

Petitioner was indicted for violating Section 1 of the Sherman Act, 15 U.S.C. §1 (1982), which provides:

> "Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is declared to be illegal. Every person who shall make any contract or engage in any combination or conspiracy hereby declared to be illegal shall be deemed guilty of a felony, and, on conviction thereof, shall be punished by fine not exceeding one million dollars if a corporation, or, if any other person, one hundred thousand dollars, or by imprisonment not exceeding three years, or by both said punishments, in the discretion of the court."

Petitioner seeks a review of the judgment of the Court of Appeals under the Fifth Amendment to the United States Constitution, U.S. Const. amend. V, which provides:

> "No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or naval forces, or in the Militia, when in actual service in time of War or public danger; nor shall any person be subject for the same offense to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property,

without due process of law; nor shall private property be taken for public use, without just compensation."

STATEMENT OF THE CASE

Petitioner, along with two other companies and one individual, was indicted in the United States District Court for the Eastern District of Pennsylvania. The indictment charged that petitioner had conspired with others to rig bids on electrical construction projects at the Fairless Works of the United States Steel Corporation.

Petitioner filed a Motion to Dismiss the indictment, claiming that the indictment covered the same conspiracy for which it had been indicted and convicted in the United States District Court for the Western District of Pennsylvania and was therefore barred by the double jeopardy clause of the United States Constitution, U.S. Const. amend. V. Petitioner's co-defendants also filed Motions To Dismiss. The motion of Lord Electric Company was based on the same circumstances as petitioner's. The motions of W. V. Pangborne & Co., Inc. and J. A. Bruce Pinney were based on the fact that they previously had been indicted and had pled *nolo contendre* to charges of rigging bids at a Gulf Oil Refinery in Philadelphia, Pennsylvania, and that the instant indictment covered the same conspiracy.

After an evidenciary hearing, the district court granted petitioner's Motion To Dismiss on March 26, 1985. The district court found that the two indictments covered one conspiracy to rig bids for all electrical construction projects at United States Steel Corporation, regardless of the location of the project (A-54).

The district court based its decision on, *inter alia*, its findings of fact that cooperation at one facility meant cooperation at all facilities for conspirators who were common to more than one bid list (A-43), there was a core group of bidders at both the Western Pennsylvania Works and the Fairless Works of United States Steel (A-37), the bid rigging occurred in the same general fashion (A-39), and, with only two exceptions, the bids would be rigged whenever all of the contractors invited to bid were conspirators. (A-43)

The government appealed the order to the Third Circuit, which reversed and remanded the matter to the district court in a judgment dated March 14, 1986 (A-56).

The Third Circuit stated that while a bid-rigging conspiracy is per se illegal, it is *brutem fulmen* unless the co-conspirators are actual or potential competitors in the same market. *United States v. Sargent Electric Co.*, 785 F.2d at 1127 (A-8). The Third Circuit also stated that its task was no different from the one the district court would have faced had a single indictment charged petitioner with two offenses, each one based on a conspiracy aimed at different locations. This statement was based on two assumptions, which in turn were based on two hypotheticals. The first assumption was that if petitioner had been charged with one overall conspiracy in the Western District indictment, it would have alleged that the indictment be stricken as prejudicially duplicitous. The second assumption was that if the Western Pennsylvania indictment had included separate counts based on separate conspiracies, petitioner would have alleged that the indictment was multiplicitous. *United States v. Sargent Electric Co.*, *Id.* at 1128 (A-10). Therefore, the Third Circuit reasoned, its task was to determine "whether there was a conspiracy aimed at a single relevant market or conspiracies aimed at several separate markets." *Id.*

The Third Circuit stated that because the co-conspirators had no control over which companies would be allowed to bid on a given project there was no potential for competition. The Third Circuit concluded that the district court's decision suffered from a "fundamental error" in that it focused on the common objective and ignored the relevant market, an essential element of a Section 1 Sherman Act offense.

In his concurring opinion Judge Stapleton reasoned that persons do not join an overarching conspiracy unless the benefits associated therewith outweigh the risks. Because the record was devoid of any evidence which tended to show a substantial benefit from an overarching conspiracy, the district court's conclusion of a single conspiracy was clearly erroneous. *Id.* at 1131-1132 (A-17).

It is significant that neither Judge Gibbons nor Judge Stapleton cited any cases in support of their analysis. In fact, both judges ignored a substantial line of authority from the Third Circuit, including a decision involving many of the same companies which were the subject of the indictment in this case. *United States v. Fischbach and Moore, Inc.*, 750 F.2d 1183 (3rd Cir. 1984), *cert. denied* 105. S.Ct. 1397 (1985). In that case the Third Circuit ruled that the evidence supported a conclusion of a single conspiracy even though the bidders on the given projects were dissimilar in a substantial number of cases.

In his dissenting opinion, Judge Adams pointed out that the Circuit Courts of Appeals have produced varying standards to apply when faced with a conspiracy double-jeopardy issue. 785 F.2d at 1138-39. (A-29,30) Judge Adams noted that the Third Circuit has adopted the "same evidence" test, which has its roots in *Blockburger v. United States*, 284 U.S. 299, 52 S.Ct. 180, 76 L.Ed. 306 (1932). See also *United States v. Young*, 503 F.2d 172 (3rd Cir. 1974). Judge Adams noted, however, that the Third Circuit, while refusing to adopt expressly the "totality of the circumstances" test, it has "followed that approach in practice." 785 F.2d at 1139 (A-30). Judge Adams concluded that the District Court did not err in dismissing the indictment.

Judge Adams took special pains to emphasize his belief that "This is a case of constitutional dimensions." *Id.* at 1141 (A-34) He also emphasized that the anti-trust principles applied by Judge Gibbons were inapplicable to this case.

The Third Circuit denied a Petition For Rehearing En Banc; five judges voted for rehearing. (A-56) On May 2, 1986, the Third Circuit stayed its mandate until May 25, 1986. (A-57)

REASONS FOR GRANTING THE WRIT

This Court should grant the Petition for Certiorari because it involves the interaction between the double jeopardy clause of the fifth amendment, U.S. Const. amend. V, and an important federal statute. This Court has held that an agreement to fix prices is a per se violation of Section 1 of the Sherman Act, 15 U.S.C. §1 (1982). Whether the co-conspirators had the means

and/or ability to successfully carry out the illegal object has been immaterial. *United States v. Socony-Vacuum Oil Co.*, 310 U.S. 150, 60 S. Ct. 811, 84 L.Ed. 1129 (1940). The decision of the Third Circuit is in conflict with those decisions because it holds that the "relevant market" is an element of the offense under Section 1 of the Sherman Act, thereby making the ability of the co-conspirators to carry out the illegal agreement a material issue. Furthermore, by defining "relevant market" in its narrowest sense, the Third Circuit has effectively deprived persons accused of conspiracy under Section 1 of the Sherman Act of their rights under the double jeopardy clause of the fifth amendment U.S. Const. amend. V.

This Court has never decided which standard should be used to determine the validity of a double jeopardy claim which arises in the context of successive conspiracy prosecutions under Section 1 of the Sherman Act.

The decision of the Third Circuit is in conflict with decisions of other circuit courts of appeals which have made no distinction between alleged co-conspirators under the Sherman Act and alleged co-conspirators under other federal criminal statutes. *United States v. Korfant*, 771 F.2d 660 (2d Cir. 1985); *United States v. Beachner Construction Co.*, 729 F.2d 1278 (10th Cir. 1984). A person's rights under the fifth amendment should not vary depending upon the circuit in which that person is indicted. This Court should grant the Writ of Certiorari so that there can be a uniform standard which is applied in cases involving a double jeopardy claim in the context of Section 1 of the Sherman Act.

I.

BY LEGISLATING THE NEW ELEMENT OF THE RELEVANT MARKET INTO THE SHERMAN ACT, THE THIRD CIRCUIT HAS DEPRIVED THE PETITIONER OF ITS RIGHTS UNDER THE DOUBLE JEOPARDY CLAUSE OF THE FIFTH AMENDMENT.

This Court has held that a conspiracy to fix prices is per se illegal. The co-conspirators' ability to carry out the illegal object

is immaterial. *United States v. Socony-Vacuum Oil Co.*, 310 U.S. 150, 60 S.Ct. 811, 84 L.Ed. 1129 (1940). Thus, even if the alleged co-conspirators are not actually in competition with one another, the potential for carrying out the illegal object has been sufficient to support a conviction under Section 1 of the Sherman Act. The Third Circuit's decision in this case vitiates that well-established principle of law. By declaring that the "relevant market" is an element of the offense, and by defining the relevant market so narrowly, the Third Circuit has effectively deprived the petitioner of any protection against being placed in double jeopardy.

Prior to the issuance of the indictment in this case, petitioner and others had been convicted for conspiring to rig bids on projects at United States Steel's Western Pennsylvania Works. At the trial of that case, and at the evidentiary hearing on petitioner's double jeopardy claim in this case, the evidence was that an electrical construction company was not allowed to bid on a project at United States Steel unless it had been invited to do so; only those companies on an approved bidder's list were invited to bid.

The Third Circuit reasoned that because the approved bidders for the Western Pennsylvania projects could not be placed on the approved bidders' list for the Fairless Works projects without the consent of United States Steel, they were not competitors within the same "relevant market". *United States v. Sargent Electric Co.*, 785 F.2d at 1129 (A-14).

Petitioner is not aware of any decision by this Court or any other court which holds that the government must show that the alleged co-conspirators were doing business within the same relevant market. However, it is undisputed that persons accused of conspiracy under Section 1 of the Sherman Act must be actual or potential competitors.

While the terms "relevant market" and "competitors" may at first blush seem to be identical, when the "relevant market" is defined as narrowly as has been done by the Third Circuit they take on entirely different meanings. Rather than inquiring into whether the alleged co-conspirators were competitors in the same geographical areas covered by the two indictments, the

Third Circuit focused instead only on the alleged victim as named in the two indictments. Such a narrow definition of "relevant market" preordains the result in a case such as this. One alleged victim who invites bids from companies in two different locations will hardly ever have exactly the same companies always bidding at each location, regardless of whether there is an approved bidder's list or some other manner of inviting and accepting bids.

The Third Circuit compounded its error by discounting any potential competition between the alleged co-conspirators. It reasoned that because United States Steel had complete control over which companies would be invited to bid, there was no potential for competition between the co-conspirators. The fallacy in such reasoning is obvious from the following hypothetical. Assume manufacturers A and B conspire to fix the price at which they will sell building materials; manufacturer C is not a party to the illegal agreement. Manufacturers A and C supply building materials throughout Pennsylvania. The Acme Company is the largest purchaser of building supplies in Western Pennsylvania. It routinely purchases its building supplies from A and C. B, which is located in Philadelphia, has attempted for many years to make inroads into this relationship but has been unsuccessful. Nevertheless, A and B agree that should the Acme Company approach B, it will quote the same price for the materials as has been quoted by A. Subsequently, A and B are indicted for conspiring to fix prices in violation of Section 1 of the Sherman Act. They defend the charges on the basis that the Acme Company had complete control over the decision as to which company would be permitted to supply it with building materials. Therefore, according to A and B, they were neither actual nor potential competitors in the same "relevant market". It is beyond the realm of imagination that any court would recognize such a defense. Yet such a defense would be consistent with the Third Circuit's definition of "potential" competitors. According to the Third Circuit, as long as the decision was beyond the sellers' control, there could be no potential for competition.

Under *United States v. Socony-Vacuum Oil Co.*, 310 U.S. 150, 60 S.Ct 811, 84 L.Ed. 1129 (1940), the focus of an inquiry

under Section 1 of the Sherman Act has always been the agreement itself. By focusing instead on the "relevant market", the Third Circuit has established a new standard which effectively nullifies any protection the petitioner may have had under the double jeopardy clause of the fifth amendment.

II.

THIS COURT SHOULD DECIDE THE ISSUE OF WHAT STANDARD SHOULD BE APPLIED TO DETERMINE THE VALIDITY OF A DOUBLE JEOPARDY CLAIM WHICH ARISES OUT OF SUCCESSIVE INDICTMENTS CHARGING A VIOLATION OF SECTION 1 OF THE SHERMAN ACT

This Court has never set the standard which courts should use in deciding the validity of a double jeopardy claim when the issue is whether there was a single conspiracy or multiple conspiracies.

In *Blockburger v. United States*, 284 U.S. 299, 52 S. Ct. 180, 76 L. Ed. 306 (1932), a two-count indictment had charged that a single act violated two distinct statutes. This Court set forth the rule to be used in determining whether two statutory offenses can be punished cumulatively. The rule is that where one act or transaction violates two separate statutory provisions, "the proper test is whether each provision requires proof of a fact which the other does not." 284 U.S. at 304. This test is known as "the same evidence test".

In *Braverman v. United States*, 317 U.S. 49, 63 S. Ct. 99, 87 L.Ed. 23 (1942), the defendant had been indicted in multiple counts, for violating a single conspiracy statute. This Court held that it was a violation of the double jeopardy clause for the government to divide a single conspiracy into multiple counts.

In *American Tobacco Co. v. United States*, 382 U.S. 781, 66 S. Ct. 1125, 90 L.Ed. 1575 (1946), this Court held that it was permissible to charge a defendant with multiple offenses, in a single indictment arising out of a single conspiracy.

In *Albernaz v. United States*, 450 U.S. 333, 101 S.Ct. 1137, 67 L.Ed. 2d 275 (1981), the defendants were convicted of conspiracy to distribute marijuana and conspiracy to import marijuana and received consecutive sentences. The defendants contended that the cumulative punishments they received violated the double-jeopardy clause of the fifth amendment. This Court, in rejecting defendants' contention, held that the defendants' single conspiracy had two illegal objects and thus the punishment was not unconstitutional.

The circuit courts of appeals have found the principles set forth in these cases difficult to apply in cases involving a claim of double jeopardy which arises out of successive indictments charging a violation of the same conspiracy statute. The Eighth Circuit has stated that the "same evidence" test is of "questionable value" in cases such as this. *United States v. Thomas*, 759 F.2d 659 (8th Cir. 1985). As the court in *Thomas* points out, the government may make one conspiracy appear to be multiple conspiracies by carefully choosing the different overt acts which are to be placed in the indictment.

Therefore, the circuit courts of appeals have formulated their own rule to determine whether the government has subdivided a single conspiracy into multiple conspiracies. That test is known as the "totality of the circumstances" test. Under this test the courts compare the proof offered at the trial of the first indictment with the evidence to be submitted at the trial of the second indictment. The following factors are considered to be important in determining whether there was one conspiracy: (1) the offenses charged in the successive indictments; (2) an overlap of time; (3) an overlap of personnel; (4) similarity of methods; (5) the geographic scope of the alleged conspiracies; and (6) the objectives of the alleged conspiracies. *See, e.g., United States v. Korfant*, 771 F.2d 660 (2d Cir. 1985); *United States v. Beachner Construction Co.*, 729 F.2d 1278 (10th Cir. 1984).

The "same evidence test" has value when the issue is whether a single indictment is duplicitous or multiplicitous and it is established that there was a single conspiracy. However, as circuit courts of appeal have noted, it cannot be applied in the context of successive indictments charging conspiracy and the

issue is whether there was only one conspiracy. The dangers inherent in letting the circuit courts of appeals go their own separate ways on this issue is apparent from the instant case. Here, the Third Circuit, with no guidelines from this Court, felt free to legislate a new element of the offense into Section 1 of the Sherman Act. The result was that petitioner was deprived of one of its most fundamental rights. This Court should grant this petition so that the unique issue presented by this case can be resolved.

III.

THE DECISION OF THE THIRD CIRCUIT HAS CREATED A CONFLICT IN THE COURTS OF APPEALS WHICH SHOULD BE RESOLVED BY THIS COURT

At least two circuit courts of appeals have ruled on a defendant's double jeopardy claim in the context of successive indictments under the Sherman Act. In *United States v. Beachner Construction Co.*, 729 F.2d 1278 (10th Cir. 1984), the Tenth Circuit, applying the "totality of the circumstances" test, held that the government had impermissibly subdivided a single conspiracy into two conspiracies. No mention of relevant markets was made; the court treated its inquiry the same as it had treated other conspiracy double-jeopardy issues.

In *United States v. Korfant*, 771 F.2d 660 (2nd Cir. 1985), the Second Circuit, also applying the "totality of the circumstances" test, concluded that the two indictments covered two separate conspiracies. Appellant Korfant was indicted in the District of Connecticut for conspiracy in violation of Section 1 of the Sherman Act. He claimed that the indictment should be dismissed because he had previously been indicted in the Northern District of Ohio, Eastern Division for the same offense. Korfant argued that, because employees of the company for which he worked were part of the scheme in both Ohio and Connecticut, the two conspiracies were actually one. The court rejected this argument on the basis that there were no co-conspirators besides employees of one company and therefore no competitors involved in the scheme. Applying the "totality of the circumstances" test, the court held that the participation of only

one common actor at both locations does not establish the existence of a single conspiracy. The Second Circuit made no inquiry into the relevant market and did not treat the case different from non-Sherman Act cases it had decided.

By focusing on the relevant market instead of the agreement, the Third Circuit has created a conflict among the circuit courts of appeal which this Court should resolve.

CONCLUSION

A Writ of Certiorari should issue to review the judgment of the United States Court of Appeals for the Third Circuit.

Respectfully submitted,

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May 23, 1986

APPENDIX

UNITED STATES of America,
Appellant,

v.

SARGENT ELECTRIC CO., Lord Electric Co., Inc., W.V. Pangborne and Co., Inc., J.A. Bruce Pinney.

Nos. 85-1262 to 85-1265.

United States Court of Appeals,
Third Circuit,

Argued Dec. 2, 1985.
Decided March 14, 1986.
Rehearing and Rehearing En Banc
Denied April 18, 1986.*

Government appealed from order of the United States District Court for the Eastern District of Pennsylvania, Joseph L. McGlynn, Jr., J., dismissing on double jeopardy grounds indictment for violation of the Sherman Act. The Court of Appeals, Gibbons, Circuit Judge, held that defendants who allegedly conspired to rig bids at several facilities could be charged with multiple Sherman Act offenses.

Reversed with directions.

Stapleton, Circuit Judge, filed concurring opinion.

Adams, Circuit Judge, filed dissenting opinion and voted for rehearing.

Hunter, Weis, Garth, and Becker, Circuit Judges, would grant rehearing.

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* Judge Adams votes for rehearing for the reasons expressed in his dissenting opinion and because the three-way division in the panel fails to provide the necessary clarity and guidance for the courts in this Circuit in an important area of the law.

1. Criminal Law 295

Once defendants advance nonfrivolous claims of double jeopardy, Government assumed risk of nonpersuasion of demonstrating by a preponderance of the evidence that double jeopardy clause did not bar challenged indictment. U.S.C.A. Const. Amend. 5.

2. Federal Courts 755

Question of whether, from narrative or historical facts, Government established inference of multiple bid rigging conspiracies in violation of Sherman Act rather than single conspiracy was a legal issue subject to plenary review. Sherman Anti-Trust Act, § 1, 15 U.S.C.A. § 1.

3. Monopolies 12(1.7)

Illegal object of Sherman Act conspiracy must be identified in terms of intended or achieved effect upon commerce in a relevant market. Sherman Anti-Trust Act, § 1, 15 U.S.C.A. § 1.

4. Monopolies 28(7.1)

Where disputed issue is existence or scope of alleged horizontal bid rigging agreement that is to be inferred from circumstantial evidence, first inquiry must be whether or not each firm alleged to have been a party to it was actual or potential competitor in that market. Sherman Anti-Trust Act, § 1, 15 U.S.C.A. § 1.

5. Monopolies 17(1)

Elimination of price competition whenever and wherever possible is not alone sufficient to establish violation of section 1 of the Sherman Act. Sherman Anti-Trust Act, § 1, 15 U.S.C.A. § 1.

6. Monopolies 31(1.2)

Defendants who allegedly conspired to rig bids at several facilities could be charged with multiple Sherman Act offenses despite their common objective of price fixing, where, due to the facilities' power to choose qualified bidders, the conspiracies involved different relevant markets. Sherman Anti-Trust Act, § 1, 15 U.S.C.A. § 1.

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Jay Topkis (argued), Paul, Weiss, Rifkind, Wharton & Garrison, Jeffrey C. Slade, Brenda Wright, Meister Leventhal & Slade, New York City, Wilson M. Brown, III, Drinker Biddle & Reath, Philadelphia, Pa., for Lord Elec. Co., Inc.

Gordon B. Spivack (argued), Stephen Hogan, Lord, Day & Lord, New York City, for W.V. Pangborne & Co., Inc.

Before ADAMS, GIBBONS, and STAPLETON, Circuit Judges.

OPINION ANNOUNCING THE JUDGMENT OF THE COURT

GIBBONS, Circuit Judge:

The United States appeals, pursuant to 18 U.S.C. §3731 (1982), a district court order dismissing on double jeopardy grounds an indictment for violation of section 1 of the Sherman Act, 15 U.S.C. § 1 (1982). We reverse.

I.

District Court Proceedings

On July 19, 1984, a grand jury in the Eastern District of Pennsylvania returned an indictment charging Sargent Electric

Company (Sargent), Lord Electric Company (Lord), W.V. Pangborne and Co. (Pangborne) and Pangborne's Executive Vice-President, J.A. Bruce Pinney, with violating section 1 of the Sherman Act by conspiring to rig bids for electrical construction work at the Fairless Hills Works of United States Steel Corporation in Bucks County, Pennsylvania (Fairless Hills). The four defendants moved to dismiss the indictment, all asserting that it was barred by the double jeopardy clause of the United States Constitution.

Lord contended that the offense charged in the July 19, 1984 indictment was the same as that for which they previously had been convicted in the Western District of Pennsylvania. That conviction resulted from an indictment returned by a grand jury in the Western District of Pennsylvania on July 1, 1983, which charged that Sargent, Lord, and other electrical contractors had, for approximately seven years from 1974 to 1981, conspired to rig bids for electrical construction work at the Western Pennsylvania Works of U.S. Steel (Western Works). *See* Joint Appendix at 1230. This court affirmed judgments fining Sargent and Lord one million dollars each, the statutory maximum for violation of section 1 of the Sherman Act. *United States v. Fischbach & Moore, Inc.*, 750 F.2d 1183 (3rd Cir. 1984), *cert. denied*, ____U.S. ____, 105 S.Ct. 1397, 84 L.Ed.2d 785 (1985).

With respect to the second two defendants, Pangborne and Pinney, they contended that the offense charged in the July 19, 1984 indictment was the same as that for which they had pleaded *nolo contendere* in the Eastern District of Pennsylvania. Those pleas followed a March 8, 1984 indictment that charged that Pangborne, Pinney, and other electrical contractors, "beginning in or about the late 1970's and continuing thereafter into about 1982," had conspired to rig bids for electrical construction work at a Gulf Oil Company refinery in Philadelphia, Pennsylvania. *See* Joint Appendix at 1130. The district court accepted the pleas from Pangborne and Pinney on June 5, 1984 and sentenced them on July 19, 1984.

On the basis of these contentions, the district court ruled on November 13, 1984 that the four defendants had established prima facie cases of nonfrivolous double jeopardy claims and

scheduled an evidentiary hearing on those claims. The court ordered the United States to disclose to the defendants all grand jury testimony regarding alleged illegal bid-rigging on steel and refinery jobs involving the indicted and unindicted co-conspirators named in the July 19, 1984 indictment. It then held a memorandum concluding that there was at all relevant times one general understanding among all the participating electrical contractors that they would rig bids when circumstances permitted regardless of whether the job was at Western Works, at Fairless Hills, at the Gulf Oil refinery, or at several other locations, *United States v. Sargent Electric Co.*, Crim. Action No. 84-00313 (E.D.Pa. March 26, 1985). "Bid rigging at each of these facilities," the court concluded "did not reflect separate conspiracies but simply separate manifestations of the same unlawful agreement to rig bids wherever and whenever possible." *Id.*, slip op. at 30. The district court therefore dismissed the indictment. This appeal followed.

II.

Scope of Review

[1] The United States does not dispute the district court's ruling that the four defendants made out nonfrivolous claims of double jeopardy. Consequently, there is no question that once the defendants advanced their claims, the government assumed the risk of nonpersuasion of demonstrating by a preponderance of the evidence that the double jeopardy clause did not bar the challenged indictment. *United States v. Inmon*, 568 F.2d 326, 331-32 (3rd Cir. 1977).

While the parties agree upon the applicability of *Inmon* to the proceedings in the district court, they disagree as to the scope of our review of that court's holding. The defendants urge that the district court's conclusion that "[b]id rigging did not reflect separate conspiracies but simply separate manifestations of the same unlawful agreement to rig bids wherever and whenever possible" is a factual determination that we cannot reverse on appeal without finding that the determination was clearly erroneous. The United States, on the other hand, contends that

whether it met its burden of proving separate offenses is a question of law as to which this court exercises plenary review.

[2] Although this court did not address in *Inmon* the scope of review issue that this case raises, we did do so in *United States v. Felton*, 753 F.2d 276 (3d Cir. 1985). In *Felton*, in which we reviewed a district court's denial of a motion to dismiss an indictment on double jeopardy grounds, the United States, as appellee, urged a position similar to that which the defendants here espouse. We rejected that argument, observing,

> We find it necessary to reiterate that on review the trial court's findings of narrative or historical facts are measured by the clearly erroneous test, but as to the legal component of its conclusion, this court has plenary review. Accordingly, what we must examine here is whether the district court correctly determined that as a matter of law the government met its burden of proving the separate conspiracies by a preponderance of the evidence. Such an inquiry requires us to examine the basic facts of record and the permissible inferences that may be drawn therefrom.

Id. at 278 (citation omitted). Thus *Felton* has classified as a legal issue, subject to plenary review, the question whether, from the narrative or historical facts the government established to the satisfaction of the district court, an inference of multiple conspiracies rather than a single conspiracy was permissible.

The procedural posture of this case is not identical with *Felton*, however, because in this case the district court granted the defendants' motion to dismiss. In *Felton* we held that the government failed to establish a prima facie case on the existence of conspiracy. Here, in order to reverse, we must hold not only that the United States made out a prima facie case on the existence of multiple conspiracies, but also that an inference of a single conspiracy was on this record clearly erroneous as a matter of fact or legally impermissible. Such a conclusion involves a much greater assertion of authority to set aside rulings of the court of first instance than was made in *Felton*. There may be cases where it would be possible to hold that as a matter of law no inference other than that of multiple conspiracies was permissible. In most

cases, however, in which the government has made out a case satisfying the *Felton* threshold, competing inferences may be logically permissible, and in such cases the inference drawn by the court of first instance should stand.

Of course a district court's decision, even when couched in terms of inference drawing, may be predicated upon legal assumptions such as the elements of the offenses charged in successive indictments. As to such legal assumptions our reviewing function is obviously plenary. If, however, we should disagree with the district court's legal assumptions of the elements of the offenses charged—here Sherman Act conspiracies—such disagreement would not necessarily permit us to select among competing permissible inferences. At most such a disagreement would require a remand for reconsideration. *See United States v. Young*, 503 F.2d 1072, 1076 (3d Cir. 1974).

Thus for the United States to prevail in this appeal we must (1) hold that the district court misunderstood the elements of a Sherman Act conspiracy or (2) hold that the court's findings on historical or narrative facts are clearly erroneous, or (3) hold that the only inference that may be drawn from those facts is that the bid-rigging conspiracy aimed at Fairless Hills was separate from those aimed at Western Works and Gulf's Philadelphia refinery.

III.

Elements of an Antitrust Conspiracy

[3] Unlike statutes such as 18 U.S.C. § 371 (1982) and 21 U.S.C. § 846 (1982) that speak of conspiracy to commit crimes defined in other federal statutes, section 1 of the Sherman Act is self-contained. It makes illegal contracts, combinations, or conspiracies "in restraint of trade" and punishes as a felony every contract, combination, or conspiracy "hereby declared to be illegal." 15 U.S.C. § 1 (1982). Thus unlike other federal conspiracy statutes section 1 of the Sherman Act does not refer us elsewhere for the substantive elements of the prohibited conduct. As in all conspiracy statutes, concert of action is a substantive element, but under governing caselaw more than mere concert of action is required. The illegal object of a Sherman Act

conspiracy must be identified in terms of an intended or achieved effect upon commerce in a relevant market, a market not defined by statute.

When the concerted action is price-fixing or bid-rigging, the Sherman Act caselaw shortcuts the inquiry into market effect, by treating such concerted actions as per se violations. Those activities are deemed to be per se illegal, in the sense that the court will not consider evidence that their effects upon commerce in a relevant market might have had a pro-competitive purpose and effect. The bid-rigging activities charged in the several indictments before us fall within that per se category. But while the per se rule proscribes inquiry into competitive effects, it does not excuse identification of relevant markets. An agreement among persons who are not actual or potential competitors in a relevant market is for Sherman Act purposes *brutum fulmen*. An agreement "to rig bids wherever and whenever possible" is meaningless for Sherman Act purposes unless there are in the real world of the marketplace some "whens" and "wheres."

[4] To some extent, of course, a horizontal agreement tends to define the relevant market, for it tends to show that the parties to it are at least potential competitors. If they were not, there would be no point to such an agreement. Thus its very existence supports an inference that it would have an effect in a relevant market. Where, as here, however, the disputed issue is the existence or scope of the alleged horizontal agreement that is to be inferred from circumstantial evidence, the first inquiry must be whether or not each firm alleged to have been a party to it was an actual or potential competitor in that market. Membership in a bid-rigging conspiracy aimed at Western Works, for example, would not have any actual or potential effect upon Gulf Oil Company's Philadelphia refinery unless there was actual or potential competition for electrical work at that refinery by the Western Works conspirators.[1]

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1. That is not to say that for some antitrust purposes all the defendant electrical contractors may not be potential competitors. They well might be, for example, for the purpose of a nonconspiratorial statute like section 7 of the Clayton Act, 15 U.S.C. § 18 (1982). But the fact that they are potential competitors for the purpose of antitrust laws aimed at preventing potential future

[5] The district court's analysis placed principal reliance upon evidence that all alleged conspirators had a common objective: the elimination of price competition whenever and wherever possible. But as we note above, that common purpose is not alone sufficient to establish a violation of section 1 of the Sherman Act. Thus the district court's focus upon facts suggesting such common purpose arguably ignored the essential market element of a Sherman Act offense and gave insufficient weight to the government's proofs respecting that element.

Because Sherman Act conspiracies involve a relevant market and that market may vary over time, the government's task in drafting indictments is somewhat more complex than in other conspiracy contexts. The difficulty is illustrated by the contrasting positions taken by Sargent and Lord in this case and in their appeal from the sentence imposed in the Western District of Pennsylvania. In that case the indictment charged a conspiracy to fix the prices at which electrical construction projects at Western Works were bid. Sargent argued on appeal that there was a fatal variance between the indictment and the proofs at trial in that they failed to establish that *all* bids at Western Works were rigged. Alternatively Sargent argued that the government had proved not one continuing conspiracy, but a series of independent conspiracies. 750 F.2d at 1189. Lord also argued that the government proved fourteen separate conspiracies, while the indictment charged one. *See id.* at 1190. This court held that the indictment alleged a single conspiracy to rig bids at Western Works and that proof of fourteen instances of such bid-rigging permitted the jury to conclude that the conspiracy encompassed all bids. *Id.* In this appeal, on the other hand, Sargent and Lord both allege that the trial of the prior indictment put them in jeopardy with respect to a conspiracy that was aimed at different steel mills of U.S. Steel and different corporations over extended time periods. Had the government known about bid-rigging at other locations when the July 19, 1984 indictment was drawn and

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injury to competition does not support a legitimate inference that those defendants entered into a conspiracy with respect to specific markets defined by the independent economic decisions of persons unrelated to and uncontrolled by them.

had it drawn that indictment to charge an agreement to rig bids "wherever and whenever possible," we may be certain that the defendants would have urged prior to trial that the indictment should be stricken as prejudicially duplicitous. Had the July 19, 1984 indictment been drawn with a separate count addressed to the bid-rigging activities of the defendants at different locations, both their pretrial and posttrial claims would have been that the indictment was multiplicitous.

For purposes of the double jeopardy clause it is appropriate to consider how the government could have drawn the first indictments. None of the four defendants before us in this appeal was acquitted in a prior proceeding. Thus they cannot rely upon the collateral estoppel component of the double jeopardy defense announced in *Green v. United States*, 355 U.S. 184, 78 S.Ct. 221, 2 L.Ed.2d 199 (1957) and applied to the states in *Ashe v. Swenson*, 397 U.S. 436, 90 S.Ct. 1189, 25 L.Ed.2d 469 (1970). They rely on two different and complementary aspects of double jeopardy: protection against more than one prosecution for the same offense, *In re Nielsen*, 131 U.S. 176, 187, 9 S.Ct. 672, 675, 38 L.Ed. 118 (1889), and protection against multiple punishments for the same offense. *Ex Parte Lange*, 85 U.S. (18 Wall.) 168, 168-69, 21 L.Ed. 872 (1873). The standard of these aspects of double jeopardy is no different pretrial and posttrial.[2] The defendants' position, if accepted, means that in their initial prosecution the same grand jury could not have charged them with separate Sherman Act offenses. Our inquiry now is no different, legally, than that which would have faced the district court had multiple counts been pleaded in the initial indictment against each defendant. We must determine whether there was a conspiracy aimed at a single relevant market or conspiracies aimed

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2. Justice Brennan's position, announced in his concurring opinion in *Ashe v. Swenson*, 397 U.S. at 453-54, 90 S.Ct. at 1199, that there is a fourth double jeopardy principle permitting joinder of multiple offenses, but not separate trials, growing out of the same transaction or occurrence, has not received majority support in the Court. If separate Sherman Act offenses are charged in the indictments before us, however, we believe his *Ashe v. Swenson* test would be satisfied.

at several separate markets. To put the same question in slightly different words, we must determine whether charging several Sherman Act violations was multiplicitous.

IV.

The District Court's Findings

[6] Because the district court placed primary reliance upon the common objective of price-fixing, its discussion of the narrative or historical facts emphasized those facts tending to support the inference that there was such a common objective. In the only real discussion of the market aspect of the Sherman Act offense the court observed.

> In the present case, there is the potential for competition. If the contractors were added to the bid list at a facility, they would be able to compete for jobs. The contractors were not physically or economically incapable of competing for contracts, they were only prevented from doing so *by the regulations at each facility*. There was always the possibility that a contractor would be added to the bid list and, thus, all the contractors were potential competitors.

Sargent Electric, Crim. Action No. 84-00313, slip op. at 28 (emphasis supplied). The court's reference to the "regulations at each 'facility' is to the undisputed evidence that at each facility where bid-rigging charged in any of the indictments is alleged to have occurred, only electrial contractors on a pre-approved bid list were permitted to examine construction documents and submit bids. The court found, moreover, that all the companies affected usually invited the same contractors to bid on each of their projects. *Id*. at 4. In the case of U.S. Steel, separate bid lists were maintained for Western Works and Fairless Hills. Meetings were held among representatives of the conspirators separately for each project. The district court found,

> At the meetings, the parties decided among themselves who the low bidder would be for that particular

> project. The bid each contractor was to submit on the project was determined either during or after the meeting. The jobs were allocated among the participants so that each contractor on the bid list would receive a fair share of the projects let by the particular facility. . . .
>
> The members of the conspiracy kept records concerning how the jobs were allocated. Separate records were kept for each facility. There was no bookkeeping system for the conspiracy as a whole.

Id. at 7.

If all bidders were on the bid list at each facility, or even if each bidder, by some action within its own control or the control of the other alleged conspirators, could get on each bid list, the court's conclusion that there was a potential for competition at each facility would plainly be a permissible inference. The undisputed facts, however, are otherwise.

Four companies, Pangborne, H.B. Frazer Co., Ortlip Co., and The Foley Co., were charged in the indictment to which Pangborne and Pinney pleaded *nolo contendere* to having rigged bids at Gulf's Philadelphia refinery. These bidders were qualifed by Gulf to submit bids for work at the facility. Of these, only Pangborne, Ortlip Co., and the Foley Co. were on the Fairless Hills qualified list. That list included, besides Pangborne, Ortlip Co., and the Foley Co., Sargent, which was not qualified by Gulf to bid for work at the Philadelphia refinery. Lord, Sargent, The Foley Co., and Fishbach and Moore (Pangborne's parent corporation) were on U.S. Steel's qualified list for Western Works. Pangborne, H.B. Fraser Co., and Ortlip Co. were not. Sargent and Lord were on the qualified list at Fairless Hills, but neither Lord nor Sargent nor Fishbach and Moore were qualified at Gulf. Thus the only alleged co-conspirator qualified to bid at all three facilities was The Foley Co., an indicted co-conspirator in the July 19, 1984 indictment and an unindicted but named co-conspirator in the other two indictments.

The district court did not find, and the record would not support a finding, that it was within the power of bidders, singly or collectively, to get on the list of qualified bidders at these

separate facilities. That was entirely within the control of the management of those facilities. Instead the district court found that "[t]he contractors could not place themselves on the bid list, nor could they attempt to complete for projects at that facility unless they were on the bid list." *Id.* at 27.

Given the incongruity in membership of the approved bidder lists and the fact that those lists were controlled by the management of the separate facilities, it is not surprising that, as the court found, "Only the contractors on the bid list for that project would attend the [bid rigging] meeting. If a contractor was not on the bid list for a particular project, the contractor would not even be informed that a meeting was to take place." *Id.* at 6. The court found, moreover that "[o]n those occasions when a contractor would be dropped from the list for a period of time it would not participate in the scheme. If, later, it was put back on the list it would resume its conspiratorial activities." *Id.* at 12.

The court's observation that "there is the potential for competition", *id.* at 28, if it is intended as a legal conclusion, is inconsistent with the underlying factual findings and the undisputed facts. There is no potential competition between a party not on an approved list of vendors and a party on such a list. If it is intended as a finding of fact, that finding is on this record clearly erroneous. The government's evidence, which is not disputed, is that the management of the purchasers by their independent actions determined the competitors at each facility, and thus the relevant market for purposes of section 1 of the Sherman Act.

The district court bolstered its single violation analysis by discounting certain other evidence tending to show that there were separate agreements or understandings with respect to each facility. Conceding that separate meetings took place for bid-rigging on different facilities, the court noted that "[t]he differences in meeting places does not indicate separate facilities, its simply demonstrates the adaptability of the scheme to the circumstances." *Id.* at 30. Differences in the manner in which bids were prepared and submitted at different facilities were dismissed as "simply adaptations of the same scheme to the individual requirements of each victim." *Id.* at 29. While observing

that "[t]he parties' relationships at one facility depended upon their relationship at the others," the district court discounted the undisputed fact that The Foley Co. did not rig bids at Western Works or at Lukens Steel while it participated in bid-rigging at Gulf's Philadelphia refinery and at Fairless Hills. The court disregarded, as well, the undisputed fact that while Lord rigged bids at Western Works and at Fairless Hills, it did not do so at Lukens Steel. Conceding that not all the participants were active at every facility and that not all the participants even knew each other, the district court discounted the significance of these facts by noting that "members of a single conspiracy do not have to know or have direct contact with each other." *Id.* at 21.

These explanations of undisputed facts, which on their face tend to suggest separate agreements or undertakings with respect to each facility, would be plausible except for the absence of any evidence tending to show that the conspirators had any control over the dimensions of the market defined by the purchasers' independent decisions to deal only with pre-qualified bidders. We accept as true the underlying facts. The district court's explanations for their significance, if those explanations are intended as findings of fact, are clearly erroneous. Probably they are not so intended, but are merely legal argument. As such they suffer from the fundamental error that permeates the district court memorandum; namely, focusing on the common motive of fixing prices while disregarding the other essential element of a section 1 Sherman Act case, relevant market.

The district court also relied upon the fact that the time periods during which bid-rigging occurred at the various facilities were "basically congruent." *Id.* at 20. This finding is supported by the record in a limited sense. For some period between 1971 and 1981 bid-rigging was going on at all three facilities. However, the undisputed evidence—in particular the immunized testimony of Paul Arbogust of Lord—suggests that the bid-rigging began at each facility at a different time and ended at each facility at a different time and for different reasons. Thus the fact that the times of the bid-rigging were "basically congruent," while of some evidentiary significance, cannot be relied upon as establishing that there was a single conspiracy.

The district court discounted the different reasons for terminating bid-rigging at each facility as irrelevant, asserting that the events leading to termination "were events over which the conspirators had no control." *Id.* at 20. This very absence of control, however, is strong evidence of the absence of interdependence among the separate markets and thus undercuts the court's ultimate conclusion that the participants acted pursuant to a single overarching conspiracy.[3]

V.

Disposition

The district court's faulty legal analysis, which focuses exclusively upon the concert of action component of a section 1 violation, so permeates its decision that the order appealed from cannot stand. If the court's observation that there existed the potential for competition among all the conspirators at each facility and its conclusion that the bid-rigging schemes at all three facilities amounted to but one Sherman Act offense are regarded as findings of fact, they are inconsistent with the court's findings of narrative or historical fact, are inconsistent with the record, and are clearly erroneous. If they are regarded as conclusions of law, they are erroneous for the reasons set forth in Part II.

The question that remains is whether we should remand for further proceedings on the double jeopardy issue or simply reverse. It seems to us that the historical or narrative facts found by the district court require a holding that the United States established, as a matter of law, that the bid-rigging at the different facilities constituted multiple Sherman Act offenses. The district court found that at each facility there were separate bid lists; that the purchasers, not the bid-riggers, controlled access to those bid lists; that the membership of different lists were not identical; that some firms qualified to bid at more than one facility did not rig bids at all of them; that separate bid-rigging

3. Judge Stapleton's concurring opinion develops the absence of evidence which would justify a finding of a single overreaching conspiracy. I fully agree with that analysis.

meetings were held with respect to each facility; that the allocation of business among the bid-riggers was made on a facility-by-facility basis; that not all the conspiring personnel knew each other, that the bid-rigging commenced at each facility at a different time; and that bid-rigging ended at each facility at different times and for different reasons. These findings, absent others pointing the other way, establish that there were separate offenses. No other findings, except the legally flawed conclusions about potential competition, point the other way. Given these historical facts, any ultimate finding of a single conspiracy would be clearly erroneous. Thus we will reverse with a direction that trial on the July 19, 1984 indictment may go forward.

STAPLETON, Circuit Judge, concurring.

Since I agree that the record will support only a finding of site-by-site conspiracies, I join the disposition of the court.

I begin with the uncontested facts that (1) there was an agreement among bidders at Western Works, including Sargent and Lord, to rig bids at that site, (2) there was an agreement among bidders at Fairless, including Sargent, Lord, and Pangborne, to rig bids at that site, and (3) there was an agreement among bidders at Gulf, including Pangborne, to fix bids at that size.

To reach the legal conclusion that it did, the trial court necessarily found as a fact that the defendants had not simply made site-by-site decisions to cooperate in rigging bids, but also that each had committed itself to rig bids at a universe of sites including Western Works, Fairless, and Gulf. Since there was no evidence, economic or otherwise, which would meaningfully distinguish any subset of sites that included Western Works, Fairless, and Gulf from the total universe of sites at which rigging was known to have occurred, the trial court concluded that each of the defendants and their competitors had committed itself to rig bids whenever and wherever the conspirators (whether or not presently known to it) might find themselves bidding against one another on a restricted list.

Recognizing that the crucial issue is whether there was ad hoc, site-by-site decision-making or a commitment by each conspirator to rig bids across a potentially limitless universe of sites,

it is helpful in determining what inferences may rationally be drawn from the circumstantial evidence. Experience teaches that one seeking to maximize his risk/benefit ratio will generally prefer to make ad hoc decisions that can take into account the facts of each situation bearing on benefit and risk unless there is some substantial benefit attainable from a broader commitment which is unobtainable through ad hoc decision-making. Because this record is barren of any suggestion of a substantial benefit available from an "overarching" conspiracy that was not available through ad hoc, site-by-site decision-making and because all of the circumstantial evidence either strongly favors or is consistent with a finding of multiple conspiracies, I conclude that the district court's finding of an overarching conspiracy is clearly erroneous.

Neither the trial court nor the dissent suggests that a single site conspiracy to rig bids could not be successful without an overarching conspiracy.[1] Nor do I understand either to say that an overarching conspiracy was shown to have been safer or to have had the potential for generating greater rewards than a series of site specific conspiracies. Each finds it significant, however, that the bidders who were able to trust one another at one site would be able to trust one another at a second site. While this is true, it is beside the point. No one would dispute that to a firm interested in bid rigging, knowledge as to the identity and trustworthiness of others willing to do the same is of great value. But on this record, such knowledge was as available and as valuable to a firm making site-by-site decisions on whether to rig bids as it would have been to a member of a grander conspiracy. In short, the "trust factor" provided no motivation for a prospective conspirator to forego the natural preference for site-by-site decision-making.

The trial court found or the undisputed evidence demonstrated (1) that there was a different group of bidders at each site;

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1. If this kind of interdependence had been shown, it would, of course, have been strong evidence of a single conspiracy.

(2) that separate bid rigging meetings were held,[2] and separate records maintained[3], for each site; (3) that precautions taken against discovery varied[4]; (4) that the allocation of business at Western Works, Fairless, Gulf and virtually all other sites was made exclusively on a site-by-site basis despite the feasibility of trade-offs between sites as demonstrated by those which occurred between Western Works and Jones & Laughlin Steel[5], (5) that the method for designating the low bidder varied[6]; (6) that some firms qualified to bid at more than one site did not rig bids at all of them[7]; (7) that not all of the conspiring personnel knew one another; (8) that several of the purported "core" conspirators did not know that bid rigging was going on elsewhere than at

2. The Gulf meetings were held at the National Electrical Contractor's Assoc. building in Philadelphia. Fairless meetings were held at the Philadelphia Airport Hotel, except for one held at a Pittsburgh Airport Hotel. Western Works meetings were held at the Duquesne Club in downtown Pittsburgh. [173a, 613a-14a, 439a-40a, 450a, 536a].

3. The records and discussions never related to other sites. [173a].

4. At Fairless, no codes or special precautions against detection were taken, and participants would enter and leave the meetings together [458a]. At Western Works, meetings were called by using a code. [458]. The participants would go to and leave the Western Works meetings in secrecy. [459a, 398a-99a].

5. There were no trade-offs between jobs at Gulf and any other location or between jobs at Fairless and any other location. [552; 559; 650; 496-97; 449; 465; 548; 628; 630; 596-97; 594]. There were no trade-offs between Western Works and Fairless. [464; 496-97; 924]. However, there were trade-offs between jobs at Western Works and J & L Steel [502-03], even when bid lists were not identical between the two operations. [980-82]. The court did not credit the failure to allocate jobs on a conspiracy-wide basis because the lack of similarity between the bidders at the various locations made trade-offs "simply impractical" [192]. The court did not, however, explain why trade-offs were impractical between all the other conspiracy locations except Western Works and J & L Steel.

6. A dual rotation system was employed at Gulf—one rotation for jobs under $100,000 and a second one for jobs over that amount. [753, 764]. At Fairless, the low bidder was not determined by rotation, and so could not be ascertained prior to the meeting [616]. Instead, at Fairless, the decision was made ad hoc in an effort to equalize the dollar volume of the work. [447, 539]. At Western Works, the low bidder was determined by dollar volume. [396, 917].

7. 180a-81a, 480a.

their particular location[8]; (9) that the bid rigging commenced at each site at a different time[9]; and (10) that the bid rigging ended at each facility at different times and for different reasons.[10] These findings of historical fact and this undisputed testimony, in the absence of unambiguous evidence suggesting an overarching conspiracy, cumulatively compel a conclusion that those rigging bids were making ad hoc decisions on whether to rig at each site.

The few facts relied upon by the trial court in reaching a contrary conclusion are equally consistent with a finding of multiple conspiracies and, accordingly, do not provide unambiguous evidence of an overarching conspiracy. The district court specifically looked to Tri-City's withdrawal both from the Fairless and the Western Works schemes [193a, 179a, 494a-95a] as evidence that the schemes were so interdependent that "[i]f they could not work together and agree at one facility, they could not work together anywhere." However, this withdrawal is no more probative of a single than of several agreements. If an individual who is involved in more than one illegal conspiracy resolves to discontinue his illegitimate activities, his departure from both does not unify otherwise unrelated schemes.

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8. For example, Geuther of Foley testified that he was unaware of bid rigging at Western Works of Lukens [627a, 634a]. Therrien of Meade testified that he was unaware of any bid rigging taking place in Philadelphia [408a-09a]. Frazer of Frazer did not know that bid rigging was going on at Sun until he started attending meetings to rig bids in 1973 [769a]. Frazer also testified that he did not know that bid rigging was going on at Fairless and Western Works, and did not know that there were meetings held at the Philadelphia Airport Hotel to rigs bids [770a-71a]. Gosswisch of Frazer was unaware that there was rigging going on at Fairless [634a]. Spang of Riggs Distler had no knowledge of rigging at Western Works, Fairless, Gulf, Sun, or Lukens [693a].

Arbogast of Lord did testify that, in his opinion, the Western Works and Fairless schemes were part of one whole [910a-11a]. But his testimony did not show any awareness that this scheme extended beyond U.S. Steel or included Gulf. [*Id.*] Arbogast did not suggest that any of the Western Works and Fairless schemes were dependent on each other. Thus Arbogast's testimony is as consistent with multiple conspiracies as with a single conspiracy. Perrott of Lord testified that he considered the Western Works and Fairless schemes as two separate areas and two separate circumstances [464a, 496a-97a].

9. 172a.

10. 181a.

Also, the district court believed that Frazer had agreed to rig bids at Lukens without being rewarded at Lukens, implying that Frazer did this so it would be rewarded elsewhere [193a]. The alternative explanation of Frazer's actions is consistent with the existence of multiple conspiracies, however, and seems considerably more likely. Frazer bid on a project at Lukens that it did not want to obtain so that it could remain on Lukens' bidding lists for future work [793a-94]. A failure to bid on current jobs might have precluded Frazer from working at Lukens in the future [802a-03a]. In fact, it is uncontradicted that Frazer did just that on at least one job at Gulf that it had no desire to obtain [783a-84a].

Finally, the court found that the bid rigging at Western Works and Fairless was interconnected partly because of a meeting called to resolve a dispute after Sargent had underbid the designated low bidder on a Fairless job [192a-93a]. However, the testimony was undisputed that the meeting *only* related to Fiarless, and no mention was made of non-Fairless jobs. The only connection to Western Works was that the meeting took place in Pittsburgh, not Philadelphia. However, this meeting took place at the Pittsburgh airport and not at the Duquesne Club, where the Western Works conspirators met. Only those who were involved with bid rigging at Fairless were present [546a-47a; 621-22a].[11]

In sum, while there are a few record facts which are consistent with the hypothesis of an overarching conspiracy, no one has provided a persuasive reason why the defendants would have been interested in joining one and the evidence as a whole cumulatively compels a conclusion that they did not. Accordingly, proceedings should go forward on the July 19, 1984 indictment.

ADAMS, Circuit, Judge, dissenting.

Defendants' guilt is not at issue in this appeal. Indeed, it is conceded by defendants that for many years they engaged in the rigging of bids for electrical contracting projects at various steel

11. The fact noted by the district court that there was some overlap in the periods of and the participants in the rigging at the various sites is similarly as consistent with multiple conspiracies as with a single one.

plants and oil refineries throughout Pennsylvania, in violation of the antitrust laws. What is at issue here is whether the indictment of defendants for bid-rigging in the present case, following their convictions or nolo contendere pleas in previous prosecutions for bid-rigging, violates their constitutional right not to be twice placed in jeopardy for a single crime.

The Fifth Amendment of the Constitution provides that no person shall "be subject for the same offense to be twice put in jeopardy of life or limb." The bar against double jeopardy was taken from the English common law, where the concept developed as early as the thirteenth century. *See, e.g., United States v. Wilson*, 420 U.S. 332, 339-40 & n. 6, 95 S.Ct. 1013, 1019-20 & n. 6, 43 L.Ed.2d 232 (1975); *Bartkus v. Illinois*, 359 U.S. 121, 151-55, 79 S.Ct. 676, 695-697, 3 L.Ed.2d 684 (1959) (Black, J., dissenting); Kirk, *"Jeopardy" During the Period of the Year Books*, 82 U.Pa.L.Rev. 602 (1934). Among other things, the clause was designed to protect against a second prosecution for a single offense and multiple punishments for the same offense. *See North Carolina v. Pearce*, 395 U.S. 711, 717, 89 S.Ct. 2072, 2076, 23 L.Ed.2d 656 (1969). The Supreme Court has repeatedly stressed that the guarantee against double jeopardy is "a fundamental ideal in our constitutional heritage." *Benton v. Maryland*, 395 U.S. 784, 794; 89 S.Ct. 2056, 2062, 23 L.Ed.2d 707 (1969).

The opinion announcing the judgment of the Court concludes that the district court erred both in fact and in law in determining that defendants were potential competitors at the various facilities at which bid-rigging was practiced, and that their bid-rigging activities were conducted pursuant to a single over-arching conspiracy in violation of section one of the Sherman Act, 15 U.S.C. §1 (1982). It asserts that defendants and their alleged co-conspirators were not competitors at each of the locations, and holds as a matter of law that noncompetitors cannot conspire in restraint of trade. The opinion thus determines that the conspiracy charged in this prosecution and those charged in prior indictments are not the same, and that defendants' double jeopardy rights therefore are not abridged. Because I disagree

with that legal analysis, and with the application of such an analysis to the facts present in the record, and because I differ from the conclusion of the concurring opinion that this Court is free to disturb the trial court's finding of a single conspiracy, I respectfully dissent.

I.

Defendants Lord Electric Company (Lord) and Sargent Electric Company (Sargent) were indicted in July 1983 for rigging bids at the Western Pennsylvania Works of United States Steel Corporation. Also indicted were Fischbach & Moore, Inc., the parent corporation of W.V. Pangborne & Co., Inc. (Pangborne), a defendant in this action, and a number of other electrical contracting companies and their individual officers. On March 7, 1984, Lord, Sargent, and Fischbach & Moore were convicted of violating section one of the Sherman Act and each was fined $1,000,000, the maximum penalty allowable under the Act. *See United States v. Fischbach & Moore, Inc.*, 750 F.2d 1183 (3d Cir. 1984), *cert. denied*, ___U.S.___, *105 S.Ct. 1397, 84 L.Ed.2d 785 (1985)*.

Defendants Pangborne and J. A. Bruce Pinney, the Executive Vice President of Pangborne, were indicted on March 8, 1984 on charges of rigging bids for electrical contracting work at the Philadelphia refinery of Gulf Oil Company, in violation of section one of the Sherman Act. They pleaded nolo contendere to the charges and were sentenced on June 19, 1984.

The indictment unerlying the present prosecution was returned by a grand jury in June 1984, on the same day that Pangborne and Pinney were sentenced for their bid-rigging activities at the Gulf Oil refinery. It charged Pangborne, Pinney, Lord and Sargent with conspiring to rig bids at the Fairless Hills plant of United States Steel Corporation, in violation of section one of the Sherman Act. Prior to trial, all four defendants moved to dismiss the indictment on the ground that the activities leading to their previous convictions or nolo pleas were part of the same conspiracy as the bid-rigging alleged in the Fairless Hills indictment. They thus contend that the second indictment for

the same offense under the Sherman Act, based upon indentical evidence of conspiracy, infringed their rights under the double jeopardy clause. After conducting an extensive hearing on the issue, the district court found as a fact that the bid-rigging conducted at the Western Pennsylvania Works, the Gulf Oil refinery, and the Fairless Hills plant, as well as that at several other Pennsylvania facilities,[1] had taken place pursuant to a single, broad conspiracy in which Lord, Sargent, Pangborne and Pinney had been participants. It therefore granted defendants' motion to dismiss the indictment on the basis of double jeopardy.

II.

A.

As explained in Judge Gibbons' opinion, each of the companies that solicited bids from defendants and their co-conspirators maintained selected bidders' lists. When a project became available, only those electrical contracting firms currently named on the bidders' list were invited to submit bids. The same names did not always appear on a given company's list, although some names were included more often than others. Because of the policy of employing selected bidders' lists, competition for any given project was limited to those electrical contractors who were invited to submit bids.

Judge Gibbons' opinion asserts that the use of bidders' lists by the targets of the bid-rigging scheme precludes as a matter of law a finding that the bid-rigging conducted at Fairless Hills, the Western Pennsylvania facilities, and Gulf Oil was embraced by a single conspiracy in which all four defendants were participants. It states that, because the bidders' lists restricted the scope of competition for a project to those named in the lists, a conspiracy between contractors "qualified" to bid and those not invited to bid could not in any way restrain trade. Since section one of the Sherman Act prohibits only conspiracies in restraint of trade, the argument continues, it follows that qualified bidders

1. These facilities included the Lukens Steel plant in Coatesville, the Sun Oil Company plant in Marcus Hook, and the Atlantic Richfield refinery in Philadelphia.

and unqualified bidders cannot be parties to a single conspiracy to rig bids.

The lone case cited that arguably adopts the position espoused by Judge Gibbons, which is of course crucial to his conclusion, is *United States v. Ashland-Warren, Inc.*, 537 F.Supp. 433, 443, 445 (M.D. Tenn. 1982). There, Ashland-Warren argued that its previous convictions for bid-rigging in the highway paving industry in Virginia barred its prosecution for similar bid-rigging in Tennessee. The district court rejected the argument, stating that, as Virginia paving contractors did not compete with Tennessee contractors for paving jobs, they could not all be participants in a single bid-rigging conspiracy.

Ashland-Warren is distinguishable from this case on a number of grounds. First, in *Ashland-Warren*, the only contractor that had participated in both the Virginia and the Tennessee bid-rigging schemes was Ashland-Warren. *Id.* at 440. With this minimal degree of overlap, there could have been no showing of interdependence between the two schemes, such as was made here. Second, the highway paving industry is significantly different from the electrical contracting industry in that the geographical area within which a paving contractor may provide services is limited by the nature of its business. As the *Ashland-Warren* court pointed out, since hot asphalt cannot be hauled more than forty miles before it hardens, the location of a paving contractor's plant imposes geographical restrictions upon the area within which it can compete. *Id.* at 438, 443. In light of these conditions, *Ashland-Warren* concluded that Virginia paving contractors and Tennessee contractors did not compete for the same jobs. *Id.* The record in this case reveals no such geographical constraints upon defendants' ability to compete.

Because of its unique facts, *Ashland-Warren's* statement that only competitiors can conspire to restrain trade is subject to varying interpretations. However, it is significant that at least two courts have expressly declined to follow *Ashland-Warren*. *See United States v. Waldbaum, Inc.*, 612 F.Supp. 1307, 1313 (D.Conn.), *aff's sub nom. United States v. Korfant*, 771 F.2d

660 (2d Cir. 1985); *United States v. Beachner Construction Co.*, 555 F.Supp. 1273, 1282 (D.Kan. 1983), *aff'd*, 729 F.2d 1278 (10th Cir. 1984).

Even assuming that Judge Gibbons' view that noncompetitors can never conspire to restrain trade has some validity in theory, it seems unlikely that a situation would actually arise in which two conspirators that are truly not in competion would agree to engage in an anticompetitive practice when that agreement could in no way benefit either conspirator.[2] Any such agreement to restrain trade would be ineffectual absent the participation of other conspirators who were in competition with both of the noncompeting parties. Only the involvement of such additional conspirators would create the potential for successful anticompetitive practices.

To illustrate, suppose contractors A and B conspire to rig bids with C at one facility, with D at a second facility, and with E at a third.[3] Further suppose that C, D and E would each submit bids at all three locations if they could, but are presently limited to bidding at a single location by the facilities' policy of using selected bidders' lists. Under the majority's analysis, each

2. In cases involving per se violations of section one of the Sherman Act, such as bid-rigging, a determination of market power is deemed unnecessary, *see e.g., United States v. Socony-Vacuum Co.*, 310 U.S. 150, 60 S.Ct. 811, 84 L.Ed. 1129 (1940); *Fischbach & Moore, Inc.*, 750 F.2d at 1192, as it is presumed that such pernicious practices have an adverse impact on competition. Indeed, in *Socony-Vacuum*, the Supreme Court stated that to establish a violation of section one in a per se case, the prosecution need show no more than a purpose to engage in the illegal practice, and that it is uncesessary to establish either the commission of an overt act or "that the conspirators had the means available for accomplishments of their objective. . . ." *Id.* at 225 n. 59, 60 S.Ct. at 846 n. 59. Thus, while in a case subject to the rule of reason an identification of the relevant market might be useful in determining the scope of an anticompetitive conspiracy for double jeopardy purposes, that is not the situation here.

3. The hypothetical facts may be visualized thus:

Facility One	:	*Facility Two*	:	*Facility Three*
A	:	A	:	A
B	:	B	:	B
C	:	D	:	E

of these instances of bid-rigging is necessarily the object of a separate conspiracy to restrain trade, as C, D, and E do not compete with one another for contracts. This is so even if the three facilities are situated in the same city. Thus, under the majority's view, contractors A and B could be indicted three times, once for their activities at each of the three plants.

Yet, on the hypothesized facts, it is clear that the continuing cooperation of A and B is essential to successful bid-rigging at all three locations. If a dispute arises between A and B at the first location, which results in a rupture in their conspiratorial relationship, that rupture will cause them to cease rigging bids at the second and third locations as well. Thus, the effects of any disagreement or lack of trust between A and B will be felt by their three co-conspirators, regardless of whether the dispute arises out of bid-rigging at only one facility. Because this is so, although C, D, and E do not rig bids at all three plants, each has an interest in and will encourage bid-rigging at each location. This shared purpose that bid-rigging shall occur at all three plants is even stronger if C, D, and E have reason to believe that changes in the selected bidders' lists may result in their becoming eligible to bid at each facility. In my view, if the bid-rigging at the various plants is the purpose and result of a single agreement among the five contractors, the existence of selected bidders' lists does not preclude the conclusion that there is a single conspiracy to restrain trade both under section one of the Sherman Act and under the double jeopardy clause.

The hypothetical fact pattern set forth above fairly describes the situation presented by the record in the case at hand. While it may be true that neither Lord not Sargent competed for contracts at the Gulf Oil refinery, both of them submitted bids at the Western Pennsylvania Works and at Fairless Hills, and thus competed with a number of other bidders at the latter two locations. Likewise, although Pangborne did not compete for bids at the Western Pennsylvania plants (its parent corporation, Fischbach & Moore, Inc., did, however), it competed at Gulf Oil and at Fairless Hills. In short, there was considerable overlap among the bidders competing for projects at the three locations specified in the indictments here, as well as among the bidders

competing for jobs at all of the facilities that the district court found were within the scope of the bid-rigging conspiracy. As a consequence, Lord and Sargent had an interest in the continued successful rigging of bids and in the cooperation of competitors at Gulf Oil despite their lack of participation at that location. This was so because if the conspirators at Gulf Oil were unable to rely upon one another to rig bids at that location, they would inevitably withdraw from the bid-rigging at other locations where Lord and Sargent did compete.

Indeed, the district court found that two incidents occurred which showed that suspicions regarding the reliability of one conspirator at one location would affect the viability of the conspiracy at other locations. In one instance, Sargent inadvertently underbid the designated low bidder for a job at Fairless Hills. As a result, a meeting was immediately held to resolve the matter and to determine whether Sargent could still be "counted in." The district court found that "[t]he parties recognized that if Sargent could no longer be trusted, agreements could not be reached on *any* contract Sargent was a party to, both at the Fairless works and at the Western Pa. works." App. at 192-93 (emphasis added). The district court thus found that, before bid-rigging could continue at any location at which Sargent was a bidder, Sargent's co-conspirators had to be reassured of its reliability. If bid-rigging had ceased at both Fairless Hills and the Western Pennsylvania plants because of Sargent's lapse, even contractors not qualified to bid at Fairless Hills, where the incident occurred, would have been affected adversely.

The second indication of reciprocity that the district court found to have taken place involved an occurrence when Tri-City Electric Company, a contractor who bid at Fairless Hills and the Western Pennsylvania Works, was denied the position of designated low bidder for a project at one location, and in response, withdrew from the bid-rigging at both locations. Again, the relations of the conspirators at one plant affected those at the other plants, regardless of whether they were qualifed to bid at the first plant. On these facts, the district court could reasonably have found, as it did, that the bid-rigging practiced at the various locations was interdependent, and that the success of each instance

of bid-rigging depended to some extent upon the success of the bid-rigging elsewhere. Thus, although all the conspirators did not directly compete with one another for each job at each location, the district court reasonably determined that they all did share a common, continuing objective to rig bids, and that each was benefited by the continued successful rigging of bids, at all locations.

Furthermore, the district court found that, despite the target companies' policy of maintaining selected bidders' lists, all conspirators were *potential* competitors. It reasoned that the contractors "were all available and capable of being added to the bid list at each facility," and that if "added to the list, they would then [have been] eligible to bid for jobs." App. at 194. Judge Gibbons rejects this finding, stating that there was no potential for competition where an unqualifed bidder could not "by some action within its own control or the control of the other alleged conspirators" have its name placed on a selected bidders' list. Ante at 1129.

The linchpin of Judge Gibbons' reasoning is that because inclusion on the bidders' lists was controlled by the target corporations rather than by the conspirators, a finding that the conspirators were potential competitors is foreclosed as a matter of law or is clearly erroneous. There was evidence that the make-up of the lists fluctuated over the period of the conspiracy. These variations in the bidders' lists raised the possibility that contractors who had been excluded from the bidding at a given location might be added to the list, and thereby become qualified to bid. Under these circumstances, a conspirator could be said to be a potential competitor at all locations at which it was physically able to provide its services. *Cf. Ashland-Warren*, 537 F.Supp. at 443. And, perhaps more importantly, each conspirator would have an additional purpose in encouraging continued bid-rigging at all locations because of the possibility that a change in the bidders' list of one of the target companies might make the contractor eligible to bid, and thus to rig bids, at that target's facility.

B.

Because I disagree with Judge Gibbons' conclusion that the district court's finding of a single conspiracy was reached under an erroneous application of principles of antitrust law, it remains to address the question whether the district court improperly concluded that the evidence established a violation of defendants' double jeopardy rights. As Judge Gibbons concedes, since defendants made a nonfrivolous showing that their double jeopardy rights were infringed by the indictment at issue, the government bore the burden of proving by a preponderance of the evidence that the indictment was not based upon the same offense for which defendants had already been indicted and sentenced. *See United States v. Felton*, 753 F.2d 276, 278 (3d Cir. 1985); *United States v. Inmon*, 568 F.2d 326, 332 (3d Cir. 1977); (*Inmon I*). It is also conceded that we may reject the district court's findings of historical fact only if clearly erroneous, and that we must affirm the district court's finding of a single conspiracy unless the "inference of a single conspiracy was on this record clearly erroneous as a matter of fact or legally impermissible." Ante at 1126; *see Felton*, 753 F.2d at 278; *Inmon I*, 568 F.2d at 332.

This Court has adopted the "same evidence" test for assessing double jeopardy claims. *See United States v. Young*, 503 F.2d 1072, 1076 (3d Cir. 1974). Under this test, a second indictment for an offense violates the double jeopardy clause "only when the evidence required to support a conviction upon [the offense] would have been sufficient to warrant a conviction upon" a prior indictment. *Id.* at 1075 (quoting *United States v. Pacelli*, 470 F.2d 67, 72 (2d Cir. 1972)). However, *Young* cautioned that application of the same evidence test "must be tempered . . . with the consideration that a single conspiracy may not be subdivided arbitrarily for the purposes of prosecution." *Id.* As we explained there, "[d]ifferent alleged overt acts are not necessarily inconsistent with an improper division of a single conspiracy into multiple crimes. It is the agreement which constitutes the crime, not the overt acts." *Id.* at 1076. *See also Felton*, 753 F.2d at 278.

Other courts, noting the difficulties of applying the same evidence test in assessing claims that a second indictment on a charge of conspiracy violates the double jeopardy clause, have adopted a "totality of the circumstances" standard. *See, e.g., Korfant*, 771 F.2d at 662; *United States v. Thomas*, 759 F.2d 659, 661-62 (8th Cir. 1985); *United States v. Sinito*, 723 F.2d 1250, 1256 (6th Cir. 1983); *cert. denied*, ____U.S. ____, 105 S.Ct. 86, 83 L.Ed.2d 33 (1984); *United States v. Castro*, 629 F.2d 456, 461 (7th Cir. 1980); *United States v. Marable*, 578 F.2d 151, 154 (5th Cir.1978). Under the totality of the circumstances approach, a court will consider the degree of overlap between the two charged conspiracies in the following factors: (1) the criminal offenses charged in the successive indictments; (2) the participants; (3) the time periods involved; (4) similarity of operation; (5) the overt acts alleged; (6) the geographic scope of the alleged conspiracies or locations where overt acts occurred; and (7) the objectives of the alleged conspiracies. Additionally, it will look to whether any other signs of interdependence between the two charged conspiracies exist. *See Korfant*, 771 F.2d at 662; *Thomas*, 759 F.2d at 661-62. The ultimate question under the totality of the circumstances approach, as under the same evidence test, is "whether there [was] more than one agreement." *Sinito*, 723 F.2d at 1256. *See also Beachner Construction Co.*, 729 F.2d at 1281 (bid-rigging case); *Braverman v. United States*, 317 U.S. 49, 53, 63 S.Ct. 99, 101, 87 L.Ed. 23 (1942) ("The gist of the crime of conspiracy is the agreement."); *Young*, 503 F.2d at 1076.

Although this Court has thus far declined expressly to adopt the totality of the circumstances approach, *Felton*, 753 F.2d at 281, it has followed that approach in practice, *see id.* at 278-81; *United States v. Inmon*, 594 F.2d 352, 353-54 (3d Cir.), *cert. denied*, 444 U.S. 859, 100 S.Ct. 121, 62 L.Ed.2d 79 (1979) (*Inmon II*). And it would appear that consideration of all relevant facts is necessary to a determination whether two charged offenses are "in law and in fact the same offense." *Young*, 503 F.2d at 1075 (citing *United States v. Ewell*, 383 U.S. 116, 124-25, 86 S.Ct. 773, 778, 15 L.Ed.2d 627 (1966). I therefore believe that the district court properly considered all relevant circumstances

in determining that the government had failed to carry its burden of establishing by a preponderance of the evidence that the Fairless Hills bid-rigging and that conducted at Gulf Oil and in Western Pennsylvania were the subjects of separate conspiracies rather than one over-arching conspiracy.

As the district court observed, the time spans of the three bid-rigging schemes charged overlapped "for a substantial part of the period between 1971 and 1981," and '[t]he arrangements at each facility ended at approximately the same time." App. at 187: it also found that, to the extend that the arrangements at each facility ended at different times, they did so because work was drying up at the different locations at different times, an event over which the conspirators had no control. Thus, any variance in the termination dates of the bid-rigging at the different plants did not indicate a lack of interdependence among the arrangements.

The district court further noted that the participants at the different facilities overlapped substantially. The overlap is even more extensive when one considers Fischbach & Moore and Pangborne, its subsidiary, as one participant.[4] The court dismissed the government's argument that nor all participants were active in every area of the conspiracy and that not all participants knew each other by correctly pointing out that members of a conspiracy need not know or have direct contact with each other. App. at 188; *Blumenthal v. United States*, 332 U.S. 539, 550, 68 S.Ct. 248, 258, 92 L.Ed. 154 (1947); *United States v. Consolidated Packaging Corp.*, 575 F.2d 117, 127 (7th Cir. 1978). It stated that.

> In accordance with the operating agreement in place here, there was no need to inform every member about every action taken in furtherance of the conspiracy. The only time

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4. The Supreme Court recently held that "the coordinated activity of a parent and its wholly owned subsidiary must be viewed as that of a single enterprise for purposes of § 1 of the Sherman Act." *Copperweld Corp. v. Independence Tube Corp.*, 467 U.S. 752, 104 S.Ct. 2731, 2742, 81 L.Ed.2d 628 (1984).

> it was necessary for a contractor to know of bid rigging activities on a particular project was when it was on the bid list for that project. A single conspiracy may be made up of a small group of core conspirators who interact with different sub groups at different times to achieve an overall plan. *United States v. Boyd*, 595 F.2d 120 (3d Cir. 1978). This is what occurred here. The core group, made up of Sargent Electric, Lord Electric, Foley, Ortlip and Fischback [sic] and Moore with its subsidiary Pangborne, conspired together and with different sub groups to eliminate competitive bidding in each location at which members of the conspiracy bid. The agreement was not limited to the Fairless works or the Western Pa. works or the Gulf refinery, it extended to every facility where bidders on a project were members of the conspiracy. Whenever a new bidder was added at a facility, the contractor simply plugged into that aspect of the conspiracy.

App. at 189.

Judge Gibbons' opinion states that it is "undisputed . . . that the Foley Co. did not rig bids at Western Works or at Lukens Steel while it participated in bid-rigging at Gulf's Philadelphia refinery and at Fairless Hills," and that "while Lord rigged bids at Western Works and at Fairless Hills, it did not do so at Lukens Steel." Ante at 1130. The first of these assertions is clearly disputed: as the government concedes, and the record indicates, the Foley Company did rig bids at the Western Pennsylvania facilities. *See* Brief for Appellant at 6 n. 11. Furthermore, although it is true that Foley did not rig bids on the intermittent occasions when it was invited to submit bids at Lukens Steel, the district court explained that there was no evidence that the bid-rigging had spread to the Lukens Steel plant at the time Foley bid competitively. App. at 191.

As for Lord's nonparticipation at Lukens Steel, Lord only bid at that facility once or twice in the early 1970's, both times through a general contractor, and there is no evidence as to the identities of the other bidders on those occasions. App. at 925, 1003. Again, in the face of Lord's admitted participation in the

bid-rigging at Fairless Hills and the Western Pennsylvania facilities, where it was regularly included on the bidders' lists, its failure to rig one or two bids, submitted through a general contractor, at Lukens Steel is not sufficient to satisfy the government's burden of proof.

Judge Gibbons also stresses that separate records were kept of the allocation of jobs at each facility, and that the meetings at which the designated low bidders were chosen were held at a different location for each facility. But as the district court explained, these were merely adaptations of the common practice which were necessitated by the individual characteristics of the different target companies. Only Gulf Oil consistently used the same list of selected bidders, so only there could a regular rotation be used to allocate jobs. At the other facilities, the conspirators tried to apportion the work fairly "based upon the value of the contract and who had been awarded the previous contracts, with a variation in the order of rotation available "if someone needed the work'." App. at 174. And surely the fact that the meetings to allocate jobs were held at locations convenient to the area participants is of little help to the government in establishing the existence of multiple conspiracies. In short, on this recod the district court reasonably could have concluded that there was a single bid-rigging conspiracy that encompassed the activities at Fairless Hills, which underlie the indictment at issue and the activities at the Western Pennsylvania facilities and Gulf Oil, for which defendants have already been sentenced.

Judge Stapleton in his concurring opinion concludes that "the district court's finding of an overarching conspiracy is clearly erroneous." Ante at 1132. He argues that the record "either strongly favors or is consistent with a finding of multiple conspiracies," *id.*, and that the facts relied upon by the trial court "do not provide unambiguous evidence of an overarching conspiracy." *Id.* at 1133. I do not disagree that the record might support an inference that multiple conspiracies existed. That, however, is beside the point. The government bore the burden of proving the existence of multiple conspiracies, and thus the absence of a double jeopardy violation, by a preponderance of the evidence. *See Felton*, 753 F.2d at 278; *Inmon I*, 568 F.2d at

332. Where the record might reasonably support either the inference of multiple conspiracies or the inference of a single conspiracy, and the government had the burden of proving individual and separate conspiracies, it cannot be said that the district court was clearly erroneous in concluding that the burden was not sustained. The district court, sitting as the finder of fact, concluded after a full hearing at which witnesses testified regarding the nature of the conspiracy, that defendants' activities were carried on pursuant to a single all-encompassing conspiracy. As the Supreme Court has recently emphasized,

> If the district court's account of the evidence is plausible in light of the record viewed in its entirety, the court of appeals may not reverse it even though convinced that had it been sitting as the trier of fact, it would have weighed the evidence differently. Where there are two permissible views of the evidence, the factfinder's choice between them cannot be clearly erroneous.

Anderson v. City of Bessemer City, ____U.S. ____, 105 S.Ct. 1504, 1512, 84 L.Ed.2d 518 (1985).

The district court's view of the evidence clearly is a plausible one. Furthermore, it is especially inappropriate to disturb the district court's finding where, as here, that finding is consonant with protection of defendant's constitutional rights. I would therefore hold that the district court did not err in dismissing the indictment on the ground that it infringed defendants, double jeopardy rights.

III.

It is essential to emphasize that this is a case of constitutional dimensions. The policies underlying the double jeopardy clause are fundamental to our system of justice. As the Supreme Court has declared, "[W]hen a defendant has been once convicted and punished for a particular crime, principles of fairness and finality require that he not be subjected to the possibility of further punishment by being again tried or sentenced for the same offense." *Wilson*, 420 U.S. at 343, 95 S.Ct. at 1021. In the present case,

each of the defendants has already been indicted and sentenced for participating in virtually identical criminal activities to those charged in the indictment that initiated this prosecution. I would hold that principles of fairness and finality militate against allowing defendants to be placed in jeopardy a second time.

Because I believe that the antitrust principles applied in the opinion announcing the judgment of the Court are not applicable in this case, and disagree as to the evaluation of the evidence and the weight to be assigned to certain portions of the evidence, I would affirm the district court order dismissing the indictment.

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA	:	CRIMINAL ACTION
v.	:	
SARGENT ELECTRIC COMPANY	:	NO. 84-00313-01
LORD ELECTRIC COMPANY	:	NO. 84-00313-02
W.V. PANGBORNE & CO., INC.	:	NO. 84-00313-03
J.A. BRUCE PINNEY	:	NO. 84-00313-04

MEMORANDUM OF DECISION

McGLYNN, J. MARCH 26, 1985

In an indictment returned by the Grand Jury in this District on July 19, 1984, the defendants were charged with conspiracy to violate Section One of the Sherman Act 15 U.S.C. §1. The defendants Sargent Electric Co. and Lord Electric Company were convicted and sentenced for a violation of the same statute in the Western District of Pennsylvania. *United States v. Fischbach & Moore, Inc., et al.*, 750 F.2d 1183 (3d Cir.) *cert. denied* 105 S. Ct. 1397 (1985). The defendants W.V. Pangborne & Co., Inc. and J.A. Bruce Pinney pled nolo contendre and were sentenced on a prior indictment in this district also charging a conspiracy to violate 15 U.S.C. §1. *United States v. W.V. Pangborne and Co., et al.*, Cr. No. 84-105 (E.D. Pa.).

Presently before the court are motions by all defendants to dismiss the indictment on the grounds of double jeopardy. After a hearing held on November 13, 1984, the court concluded that the defendants had made a prima facia showing of double jeopardy, and, thereafter, an evidentiary hearing was conducted. Based on the evidence educed at that hearing, for the reasons stated below, the defendants' motions will be granted.

FACTS

United States Steel Corporation ("U.S. Steel") operates a plant in Fairless Hills, Pennsylvania ("the Fairless works") and several plants in western Pennsylvania ("the western Pa.

works"). From time to time during the 1970's, U.S. Steel awarded contracts to electrical contractors for projects to be performed at either the Fairless works or the Western Pa. works. It awarded these contracts through the solicitation of bids. U.S. Steel required 2 bids to be submitted on each project, an initial bid and then a "firm and final" bid. The project was awarded to the contractor with the lowest firm and final bid.

The only electrical contractors who could bid were those contractors U.S. Steel invited to bid on that particular project. U.S. Steel selected contractors to be on a bid list on the basis of their past performance, capability, stability and whether the contractor was located in the general area. After the invitations to bid were sent out, a site visit was arranged so that the bidding contractors could see the construction site and learn more about the project. All bidders on a project were invited to the same site visit and therefore knew the identity of the other bidders on any particular project.

Both the Fairless works and the Western Pa. works had a group of core bidders. These bidders were invited to bid on projects at that facility on a regular basis. While the core bidders were not always on the bid lists, they were included more often than other contractors. The Western Pa. works' core bidders were Sargent Electric Company ("Sargent Electric"), Lord Electric Company, Inc. ("Lord Electric"), and Fischback and Moore, Inc. ("Fischback and Moore"). The Fairless works' core bidders were Sargent Electric, Lord Electric, W.V. Pangborne & Co., Inc. ("Pangborne"), and to a lesser extent, The Howard P. Foley Company ("Foley") and the Harry F. Ortlip Company ("Ortlip"). Fischback and Moore did not bid at the Fairless works because Pangborne, its wholly owned subsidiary, bid the jobs in the Philadelphia area.

Gulf Oil Corporation ("Gulf"), Sun Oil Company ("Sun"), Arco and Lukens Steel Corporation ("Lukens") all operated plants near Philadelphia, Pennsylvania. Like U.S. Steel, they also solicited bids for projects at their respective plants from certain electrical contractors. Again, only those contractors whose name appeared on the bid list for a project could bid. At Sun, electrical contractors could bid not only to Sun itself, but, on

occasion to general contractors who were competing for jobs at Sun. However, in order to bid to a general contractor at Sun, the electrical contractor had to be among those included on Sun's regular bid list.

Gulf, Arco, Lukens and Sun, unlike U.S. Steel, only required bidders to submit one bid price. Two bids, however, were necessary when bidding to a general contractor, due to the general contractors' usual practice of shopping around for the lowest bid.

A pre-bid site meeting, similar to those at U.S. Steel, would be held for each project at these plants. All bidders who were on the bid list for that project were invited to the same site meeting. Therefore, again, all bidders on each project were aware of the identity of the other bidders.

These companies usually invited the same contractors to bid on each of their projects. While occasionally another bidder would be added, there was much less variation than on the U.S. Steel bid lists. Gulf Oil's bid list usually included Pangborne, H.B. Frazer Company ("Frazer"), Foley, Ortlip and Cates & Shepherd, Inc. ("Cates & Shepherd").[1] Sun Oil's bid list usually included Ortlip Co., Frazer and Progressive Electric. In 1977, Foley was added to Sun Oil's bid list and in 1979, Pangborne was added. The bidders on Arco's bid list were Foley, Riggs-Distler, Henkels & McCoy, Ortlip and Pangborne. The bidders on Lukens' bid list were Ortlip, Pangborne and Henkels & McCoy, and sometimes Frazer and Foley. Each of the companies requesting bids controlled the names of the electrical contractors on its particular list.

The electrical contractors at the Fairless works, the Western Pa. works, Sun Oil, Gulf, Lukens and Arco engaged in bid rigging in connection with the electrical construction projects at those facilities. Bid rigging was occurring as early as 1967 at the Western Pa. works, and at least by 1970 at the Fairless works. Bid rigging occurred at Gulf in the early 1970's when Gulf began putting contracts out for bid. It was also occurring at Sun and Arco at least by the early 1970's and began at Lukens in 1977.

1. Cates & Shepherd did not bid on Gulf Projects after 1977.

The bid rigging at each facility was arranged in the same general fashion. The identity of the contractors on the bid list was revealed at the site visit; then if all the firms on the bid list for that project were members of the bid rigging conspiracy, a meeting of the bidders would be arranged.[2] One of the contractors on the bid list would telephone the others and arrange a time and day for the meeting. If a contractor could not attend the meeting, his part of the bid rigging would be arranged by phone. Only the contractors on the bid list for that project would attend the meeting. If a contractor was not on the bid list for a particular project, the contractor would not even be informed that a meeting was to take place.

The bid rigging meetings were held in locations which were convenient to the bid riggers involved. The Western Pa. works meetings were held in the Duquesne Club in downtown Pittsburgh. The Fairless meetings were held at the Philadelphia Airport Motel since some bidders had to fly in from Pittsburgh for the meetings. The Gulf, Sun and Arco meetings were held at the National Electrical Contractors Assoc. (NECA) office in downtown Philadelphia while the Lukens meetings were held at the Valley Forge Hilton which was the most convenient location for the 3 major participants.

At the meetings, the parties decided among themselves who the low bidder would be for that particular project. The bid each contractor was to submit on the project was determined either during or after the meeting. The jobs were allocated among the participants so that each contractor on the bid list would receive a fair share of the projects let by the particular facility. Allocation of the Arco and Sun bids was easy to accomplish because the same bidders appeared on each bid list. Therefore, a rotation system was used; one rotation for jobs over a certain amount, another for jobs under that amount. In the other bid systems, allocation was more difficult because some contractors would appear on the bid less frequently and even the core bidders were not on every bid list. Therefore, there could be only a rough

2. Occasionally, however, the conspirators would not bother to hold a meeting because the project was too small.

allocation of the projects among the bidders according to value. Although strict rotation was not possible, the participants divided the work among themselves based upon the value of the contract and who had been awarded the previous contracts, with a variation in the order of rotation available "if someone needed the work".

The members of the conspiracy kept records concerning how the jobs were allocated. Separate records were kept for each facility. There was no bookkeeping system for the conspiracy as a whole. Individual conspirators kept these records simply to ensure that they received their "fair share" of the jobs. The records did not include the result of every bid rigging meeting because in some instances the conspirator who kept the records did not attend.

Even on projects which were not the targets of the bid rigging conspiracy contractors in every location accommodated each other with "complementary bids", that is, a contractor who did not want the job but who wanted to maintain his position on the bid list would request one of the bidders to supply a number to submit which, of course, would be larger than the bid which would be submitted by the bidding contractor. In this way, a contractor could bid on the job and avoid the possibility of being cut from the bid list and yet be sure of not winning the contract. Complementary bids could occur when all the companies on the bid list were conspirators and even when some were not.

There were also certain terms used by the contractors that were generally understood by the conspirators to refer to different aspects of bid rigging. To ask for "support" on a project was to request that your company be the low bidder on a project, conversely, to "give support" meant to allow another company to be the low bidder. Asking to "borrow a number" meant to request a "complimentary bid" from another contractor. The phrase "designated hitter" was used by at least one co-conspirator to identify the company which had been chosen to be the low bidder on a particular project and was so understood by others. While each participant did not always use these terms, the participants were aware they related to bid rigging.

Based on the allegations of the several indictments and the evidence educed at the hearing, the relationship of the companies and individuals to the facilities where bids were rigged is illustrated by the following schedule.

	West. Pa. W.D.Pa. Cr. No. 83-098	Fairless E.D. Pa. Cr. No. 84-313	Gulf E.D. Pa. Cr. No. 83-263 84-105	Sun E.D. Pa. Cr. No. 83-262	Arco	Luken
A. Neri, Inc.		B				
Frederick Tesarck		B				
Ralph Neri		B				
Broadway Maintenance	B					
Burlington Electric		B				
Cates & Shepherd			B			
Fred Hayn			B			
David W. Murray Co.		B				
Fischbach & Moore Co.	A					
Clark Andrews	C					
Donald Paul	C					
Arnold Pine	B					
Nate Small	B					
Foley Co.	A	B	B	B	B	B
Herbert Geuther		B	B	B	B	B
Mr. Kleinhoff	B	B				
Joseph Rodgers	B					
Frazer Co.			B	A		B
Edward Frazer, Sr.				B		
W. Edward Frazer, Jr.			B	A		B
William Gosewisch			B	B		
Fuelgraff Electric Co.	C					
Charles Fuelgraff	C					
Henkels & McCoy					B	B
Jack Kurtz					B	B
Harry Linn					B	B
L.K. Comstock	C					
Sam Valeriano	C					
Lord Electric	A	A				
Paul Arbogast	A	B				
Richard Perrott	C	B				
Meade Electric Co.	C					
Joseph Lizzardo	C					
Henry Therrien	C					
Ortlip Co.		B	A	B	B	B
Alfred Petony		B	B	B	B	B
Pangborne		A	A	B	B	B
J. A. Bruce Pinney		A	A	B	B	B
Progressive Electric				B		
Philip Kamen				B		
Riggs Distler					B	
Walter Simpson					B	
John B. Spang					B	

	West. Pa. W.D.Pa. Cr. No. 83-098	Fairless E.D. Pa. Cr. No. 84-313	Gulf E.D. Pa. Cr. No. 83-263 84-105	Sun E.D. Pa. Cr. No. 83-262	Arco	Luken
Sargent Electric	A	A				
John Griffin	B					
Edward Sargent	C					
Frederick Sargent	A	B				
Ralph Vryenhoek	A	B				
Tico Electric	C					
William Maley	C					
Tri-City Electric	A*	B				
Claire Oesterle	C	B				
James Oesterle	A*					
Clayton Shackelford	C					

A = indicated co-conspirator
B = unindicted, unnamed participants as determined from the evidence
C = named but unindicted co-conspirator
* Acquitted

Because of the difference in the bid lists no one participant was active at all locations at all times. In addition, there were some late joiners and early defectors. For example, Meade Electric Co. did not join until 1978 and Riggs-Distler joined in 1981. When an electrical contractor who was known to engage in bid rigging was added to the bid list at a particular plant, it would be approached by the contractors who were already rigging bids and asked to join. There was no fear or hesitation in approaching the new contractor. The new member would simply attend the meeting and carry out the agreed plan. It would be "business as usual". On those occasions when a contractor would be dropped from the list for a period of time it would not participate in the scheme. If, later, it was put back on the list it would resume its conspiratorial activities.

Tri-City withdrew when its request to be the low bidder on a Fairless project was rejected by the co-conspirators. Thereafter, Tri-City refused to participate in any further collusive bidding either at the Fairless works or the Western Pennsylvania works. In 1980, Foley stopped rigging bids in Pittsburgh because a co-conspirator submitted a lower bid on a job that Foley was supposed to receive. Foley continued to rig bids at the other

locations, however, because the district manager of the Philadelphia office was not aware that his company was rigging bids at the Western Pa. works. A Foley vice-president had participated in bid rigging in both areas before he retired the previous year.

Except for the Foley incident, cooperation at one facility meant cooperation at all facilities for all conspirators who were common to more than one bid list. For example, when Frazer was added to the bid list at Lukens and it cooperated with the conspirators there even though it was never selected to be low bidder among the four on the list.

In most companies, the same individuals handled the bid rigging regardless of the location or the facility involved.

On one occasion, Ortlip was designated to be the low bidder on a project at the Fairless works. Sargent Electric submitted a lower bid and was awarded the job. As a result of this, a meeting was held at the Sheraton Airport Hotel in Pittsburgh. Present at the meeting were Frederick Sargent of Sargent Electric, Alfred Petony of Ortlip, Herbert Geuther of Foley and J.A. Bruce Pinney of Pangborne, and possibly others. Mr. Sargent apologized for the mistake and explained that it was unintentional. It was determined that Sargent Electric would lose an turn in the allocation at Fairless.

The evidence shows that there were only two exceptions to the general rule that collusive bidding would occur whenever a bid list contained only conspirators. When Foley was added to the Lukens bid list in 1977, on one occasion they bid competitively on a project worth over $100,000. The other exception involved an Ortlip subsidiary in Pittsburgh called Ortlip Electrical Construction. Three Western Pa. projects were bid competitively because the members of the conspiracy did not feel that Ortlip's Pittsburgh manager, who was a 17% owner of the subsidiary, could be trusted. The bid rigging at all other locations was handled by Alfred Petony, president of Ortlip.

In 1981, contractors who bid Western Pennsylvania jobs met and agreed that due to the poor economic conditions and the small number of jobs which were available, bid rigging in that area would be suspended. Bid rigging stopped at the Fairless works in 1981 when U.S. Steel stopped awarding contracts

through the bidding process. The arrangement at Sun Oil came to an end in 1981 when the representative of Progressive, a core bidder, decided that he would no longer rig bids. Bid rigging continued at Gulf until 1982 when the lack of work and the threat of a grand jury investigation finally brought it to an end.

On July 1, 1983, an indictment was returned in the United States District Court, Western District of Pennsylvania ("Pittsburgh indictment") against the defendants Lord Electric and Sargent Electric among others. This indictment charged them with violations of Section One of the Sherman Act by conspiring to rig bids for electric work at the Western Pennsylvania works of U.S. Steel. The overt acts charged were:

> (a) discussing by telephone and at meetings at the Duquesne Club in Pittsburgh, Pennsylvania, the preparation and submission of prospective bids for electrical construction projects at the Western Pennsylvania Works of U.S. S[teel];
>
> (b) designating a firm from among the corporated defendants and co-conspirators as low bidder on electrical construction projects at the Western Pennsylvania Works of U.S. S[teel];
>
> (c) agreeing among themselves on the price, or approximate price, at which bids would be submitted for electrical construction projects at the Western Pennsylvania Works of U.S. S[teel]; and
>
> (d) submitting non competitive, collusive, complementary and rigged bids, or refraining from bidding, on electrical construction projects at the Western Pennsylvania Works of U.S. S[teel].

The Pittsburgh indictment proceeded to trial and on April 20, 1984, a jury verdict was rendered finding the defendants Lord Electric, Sargent Electric and others guilty.[3] Sentences were imposed and the judgments of sentence were affirmed. *United*

3. Tri-City Electric Company and James Oesterle were acquitted.

States v. Fischbach & Moore, Inc., 750 F.2d 1183 (3rd Cir. 1984).

In July, 1984, an indictment was returned in the United States District Court for the Eastern District of Pennsylvania against the defendants Pangborne and J.A. Bruce Pinney. This indictment charged the defendants with violating Section One of the Sherman Act by conspiring to rig bids for electric work at Gulf Oil. The overt acts charged were:

> (a) attending meetings at the Philadelphia, Pennsylvania offices of the Penn-Del Jersey Chapter of the National Electrical Contractors Association and other places to discuss various prospective lump sum bid electrical construction projects at the Gulf Philadelphia refinery and the bids to be submitted therefor;
>
> (b) telephoning and otherwise contacting one another to discuss various prospective lump sum bid electrical construction projects at the Gulf Philadelphia refinery and the bids to be submitted therefor;
>
> (c) designating among themselves the low bidder on various lump sum bid electrical construction projects at the Gulf Philadelphia refinery;
>
> (d) agreeing among themselves on the prices, or approximate prices, at which bids would be submitted for various lump sum bid electrical construction projects at the Gulf Philadelphia refinery; and
>
> (e) submitting noncompetitive, collusive, complementary and rigged bids, or refraining from bidding, on various lump sum bid electrical construction projects at the Gulf Philadelphia refinery.

Both defendants entered pleas of *nolo contendere* on June 5, 1984 and have been sentenced.

The defendants in the case *sub judice* were indicted on July 19, 1984 and charged with a violation of Section One of the Sherman Act by conspiring to rig bids for electric work at the Fairless works of U. S. Steel. The overt acts charged were:

(a) attending meetings at the Philadelphia Airport Motel (later known as the Best Western Philadelphia Airport Inn) and other places to discuss various prospective electrical construction projects at the U. S. Steel Fairless Works and the bids to be submitted therefor;

(b) telephoning and otherwise contacting one another to discuss various prospective electrical construction projects at the U. S. Steel Fairless Works;

(c) designating among themselves the low bidder on various electrical construction projects at the U. S. Steel Fairless Works;

(d) agreeing among themselves on the prices, or approximate prices, at which bids would be submitted for various electrical construction projects at the U. S. Steel Fairless Works;

(e) submitting noncompetitive, collusive, complementary and rigged bids, or refraining from bidding, on various electrical construction projects at the U. S. Steel Fairless Works.

DISCUSSION

The Fifth Amendment prohibits placing a person in jeopardy of life or limb twice for the same offense. To establish a valid claim of double jeopardy it is not enough that the two offenses charged "arise out of the same general course of conduct" *United States v. Young*, 503 F.2d 1072, 1075 (3d Cir. 1974). It is necessary that they be the same offense both in law and in fact. *United States v. Ewell*, 383 U.S. 116, 124 (1966). The defendant bears the burden of presenting a non-frivolous double jeopardy claim. When this has been established, as here, the burden of proof shifts. The government must then prove by a preponderance of the evidence that there are two separate conspiracies. *United States v. Inmon*, 568 F.2d 326 (3d. Cir. 1977), *cert. denied* 444 U.S. 859 (1979), appeal after remand, 594 F.2d 352 (3d Cir. 1979).

The traditional test in a double jeopardy inquiry is the "same evidence" test. This test establishes that offenses are the "same" under a double jeopardy analysis when "the evidence required to support a conviction upon one of [the indictments] would have been sufficient to warrant a conviction upon the other." *United States v. Pacelli*, 470 F.2d 67, 72 (2d Cir. 1972), *cert. denied* 410 U.S. 983 (1973). In this case, all three indictments allege violations of Section One of the Sherman Act, 15 U.S.C. §1, through bid rigging. The overt acts alleged in all three indictments are: discussion of prospective electrical projects and bids, both through meetings and telephone conversations; designation of a low bidder, agreement as to the price at which bids would be submitted; and the submission of non-competitive, collusive, complementary and rigged bids. The only difference in the indictments concerns where the work was to take place; whether at the Fairless works, the Western Pennsylvania Works or the Gulf refinery.

The government, arguing three separate conspiracies, points out that proof that bid rigging occurred at the Western Pennsylvania Works does not establish that it occurred at the Fairless works or at the Gulf refinery. While it is true that where there is evidence in support of one indictment which would not support a conviction on another suggests that there are two conspiracies under the same evidence test, the Third Circuit along with other circuits, has ruled that this test "must be tempered . . . with the consideration that a single conspiracy may not be subdivided arbitrarily for the purposes of prosecution." *United States v. Young*, 503 F.2d at 1075, *United States v. Booth*, 673 F.2d 27 (1st Cir.) *cert. denied*, 456 U.S. 978 (1982), *United States v. Papa*, 533 F.2d 815 (2d Cir.) *cert. denied*, 429 U.S. 961 (1976), *United States v. Sinito*, 723 F.2d 1250 (6th Cir. 1983), *cert. denied*, 105 S. Ct. 86 (1985). — "[S]imply comparing different overt acts in the indictment does not accurately determine the issue." *Id.* at 1258. A single conspiracy may be improperly divided into multiple crimes through alleging different overt acts in the indictment. "It is the agreement which constitutes the crime not the overt acts." *United States v. Young*, 503 F.2d at 1076. Therefore, the entire agreement among the parties must

be examined to determine if there are separate conspiracies or a single conspiracy.

An agreement is the matrix of any conspiracy. It does not have to be formal or expressed. It may simply be implied or inferred from the actions of the parties. *United States v. Consolidated Packing*, 575 F.2d 117 (7th Cir. 1978). The court must, therefore, examine the evidence to determine whether it demonstrates a single agreement encompassing all of the parties to the various projects or multiple conspiracies limited to particular facilities and participants.

One consideration is an overlap in the time periods involved. *United States v. Felton*, 753 F.2d 276, 278 (3d Cir. 1985). If the time periods are not similar, it leads to the inference that there is more than one conspiracy. It is indisputable in this case that the time periods are basically congruent.

It is not clear from this record precisely when bid rigging began at each of the several facilities, but it is clear that bid rigging was taking place at all facilities for a substantial part of the period between 1971 and 1981.

The arrangements at each facility ended at approximately the same time. It ended at the Western Pa. works because there were not enough jobs to go around. It ended at the Fairless works because jobs were no longer put out for bids. These were events over which the conspirators had no control. The fact that the conspirators continued at Gulf until 1982 demonstrates only that economic conditions were better at Gulf; it doesn't show a separate agreement. While the common time frame is not conclusive, *United States v. Inmon*, 594 F.2d at 354, it does support an inference of a single conspiracy.

Another indication is the personnel involved in the bid rigging at each facility. *United States v. Felton*, 753 F.2d at 279. Of the six corporate defendants in the Pittsburgh indictment, five are named defendants or unindicted co-conspirators in the present case. In the Gulf case Pangborne and J. A. Bruce Pinney, Executive Vice President and General Manager of Pangborne, were the only named defendants, and both are

defendants in the present case. Also, of the four unindicted corporate co-conspirators in Gulf, two are unindicted co-conspirators in the present case.

The one corporate defendant in the Western Pa. indictment which was not indicted in the present case is Fischback and Moore, but Fischback and Moore is represented in the Fairless indictment by its wholly owned subsidiary, the defendant Pangborne.

The government puts much emphasis on the fact that not all participants were active in every area of the conspiracy and that not all participants knew each other. However, members of a single conspiracy do not have to know or have direct contact with each other. *Blumenthal v. United States*, 332 U.S. 539 (1947). In accordance with the operating agreement in place here, there was no need to inform every member about every action taken in furtherance of the conspiracy. The only time it was necessary for a contractor to know of bid rigging activities on a particular project was when it was on the bid list for that project.

A single conspiracy may be made up of a small group of core conspirators who interact with different sub groups at different times to achieve an overall plan. *United States v. Boyd*, 595 F.2d 120 (3d Cir. 1978). This is what occurred here. The core group, made up of Sargent Electric, Lord Electric, Foley, Ortlip and Fischback and Moore with its subsidiary Pangborne, conspired together and with different sub groups to eliminate competitive bidding in each location at which members of the conspiracy bid. The agreement was not limited to the Fairless works or the Western Pa. works or the Gulf refinery, it extended to every facility where bidders on a project were members of the conspiracy. Whenever a new bidder was added at a facility, the contractor simply plugged into that aspect of the conspiracy.

The government points out that although Ortlip was on the bidders' list in Western Pa., three times in the 1970's the company did not rig bids at that location. That aberration is explained by the conspirator's distrust of Ortlip's manager and part owner of the Pittsburgh subsidiary. The government argues that if there had been one conspiracy, the Western subsidiary would have been forced into the conspiracy by the parent company. This

argument is unpersuasive because it assumes that a person under these circumstances can be made to participate in a criminal enterprise against his will. Moreover, this argument is based on pure speculation. It is more likely that the parent did not want to risk exposure by trying to force its Pittsburgh subsidiary to cooperate in a bid rigging scheme. It should also be noted that Ortlip was invited to bid on only three out of the one hundred six (106) electrical construction projects that were put out for bids by the Western Pa. works, and one of those three was for an amount under $50,000. Thus, given the limited extent of Ortlip's opportunity to participate in Western Pennsylvania projects, there was little incentive on the part of the parent to force its subsidiary to go along with the scheme.

The government also argues that it was not an automatic plug-in conspiracy because Riggs-Distler bid competitively at the Fairless works. This is correct, but Riggs-Distler was only part of the conspiracy for one year. Before that time they refused offers to rig bids and after that time they withdrew from the conspiracy. Riggs-Distler was on the Fairless works' bid list only *before* it joined the conspiracy. The same is true of Meade Electric which was only on the Fairless bid list once, in 1974, before they began bid rigging in Pittsburgh. There is nothing inimical to the concept of a single conspiracy in the fact that a conspirator was not a party to it for the duration of the conspiracy. *United States v. Boyd*, 595 F.2d at 123.

The government also points out that Foley bid competitively on one job at Lukens which was worth over $100,000. It is difficult to determine if that occurred before or after bid rigging began at Lukens. Even assuming that the conspiracy had spread to Lukens at that time, it is possible that complementary bids were given on that project. Since there was no evidence that Foley was asked to rig and refused, it is possible that out of all the contracts which were rigged, one managed to slip by unnoticed. In any event, this one instance does not show that there were separate conspiracies or that there was not an available system whenever any firm joined the bid list. Foley bid and rigged bids at the Fairless works, the Western Pa. works, Gulf, Sun and Arco. If Foley had been asked to rig bids at Lukens, they would

have done so as part of the general understanding that when only cooperating contractors were on a restricted bid list, the bid would be rigged.

A single conspiracy can be inferred from evidence that the parties' actions were in furtherance of one common objective. *United States v. Wiltshire Oil*, 427 F.2d 969 (10th Cir.) *cert. denied*, 400 U.S. 829 (1970), *United States v. Boyd*, 595 F.2d at 120, *United States v. Varelli*, 407 F.2d 735 (7th Cir. 1969), *cert. denied* 405 U.S. 1040 (1972). The common goal of the conspirators involved in the present action was to eliminate competitive prices whenever and wherever possible. This desire was not limited to one particular contract or one particular facility. The goal was to rig bids anywhere there was a restricted bid list with cooperating conspirators.

The government argues that since the conspirators allocated the jobs separately within each facility and not on a conspiracy-wide basis, the different aspects of the conspiracy were not interdependent. They conclude that this shows that there were separate conspiracies at each location. Allocation of jobs on a conspiracy-wide basis was not practical due to the fact that all of the contractors were not on all of the bid lists. Even core bidders for a facility were not always included. Even so, the bid rigging at each facility depended upon the success of the plans at the others. When Sargent Electric bid lower than the designated low bidder at the Fairless works, a meeting was immediately held to resolve the dispute. The parties recognized that if Sargent Electric could no longer be trusted, agreements could not be reached on any contract Sargent Electric was a party to, both at the Fairless works and at the Western Pa. works.

The parties' relationships at one facility depended upon their relationships at the others. If they could not work together and agree at one facility, they could not work together anywhere. An example of this was the occasion when Tri-City Electric Co. withdrew from the conspiracy. When Tri-City was refused the chance to be low bidder on a project, they discontinued bid rigging both at the Fairless works and at the Western Pa. works. Although contracts were not allocated among the facilities, contractors cooperated at a facility to protect their position at the

other facilities. Frazer was added to the bid list at Lukens Steel on five occasions. Each time Frazer agreed to rig the bid so that one of the three other conspirators would be the low bidder. Frazer was never designated to be the low bidder at Lukens. Frazer did this because if they could not agree at Lukens, it would alter their arrangements at all the other facilities. The companies agreed in one place so that they would be permitted to participate in another.

The government argues that this could not be the general arrangement because Foley refused to cooperate at the Western Pa. works while continuing to do so elsewhere. The reason for this was that Foley had different area managers who did not know about each other's involvement. In most companies, however, where the same individuals were responsible for the bids in all locations, bids were rigged in all locations.

The government also argues that a single conspiracy cannot be inferred under these circumstances because certain companies in the scheme never bid against each other. Since they did not bid against each other, they were not competitors and could not conspire together to remove competition. Companies did not bid against each other when they were not on the bid list for the same facilities. Invitations to bid were strictly controlled by the facility issuing the contract. The contractors could not place themselves on the bid list, nor could they attempt to compete for projects at that facility unless they were on the bid list. These contractors were competitors in that they were all available and capable of being added to the bid list of each facility. If they were added to the list, they would then be eligible to bid for jobs.

The government's reliance on *United States v. Ashland-Warren, Inc.*, 537 F.Supp. 433 (M.D. Tenn. 1982) is misplaced. In that case, the defendants were indicted separately for conspiracy to rig bids in Virginia and in Tennessee in connection with highway paving contracts involving asphalt. Due to certain physical properties, asphalt cannot be used for paving at a site more than forty (40) miles away from where it is manufactured. While asphalt plants may be physically moved closer to the construction site, the cost is prohibitive except in unusual circumstances. The court found that the conspirators were physically

and economically prohibited from competing with each other and were not even potential competitors. The court held that since there was no potential competition, the groups were incapable of agreeing to restrain trade.

In the present case, there is the potential for competition. If the contractors were added to the bid list at a facility, they would be able to compete for jobs. The contractors were not physically or economically incapable of competing for contracts, they were only prevented from doing so by the regulations at each facility. There was always the possibility that a contractor would be added to the bid list and, thus, all the contractors were potential competitors.

Another aspect that can be considered is whether the organization of the scheme indicates that there is one conspiracy. *United States v. Felton*, 753 F.2d at 280. Although not identical in every detail, the organization of the agreement at each facility follows a general pattern. U.S. Steel or one of the other companies would ask for bids on an electrical construction job. If all the bidders on the bid list were bid riggers, a meeting would be called to discuss who should be the low bidder and would submit noncompetitive bids. Due to the corporate policies of U.S. Steel and the general contractors at Sun, two separate sets of bids were arranged for those projects. While it may be true that these similarities simply indicate a typical bid rigging scheme and would not in and of themselves be sufficient to establish a single conspiracy, they tend to reinforce other evidence that leads to the inference of a single conspiracy.

There are several differences in the way arrangements were handled in each area. Mr. Pinney played a prominent role in arranging the meetings in some areas and was not even a participant in others. The bids in each case were submitted to different offices, the work was done in different places and sometimes two bids were required instead of one. The government argues that these differences indicate separate conspiracies. These differences do not negate the existence of a single conspiracy but simply reflect a variation in the location of the

victims and the manner in which the victims conduct business. The differences are simply adaptations of the same scheme to the individual requirements of each victim.

The government also makes much of the fact that meetings were held in different locations. These meeting places were convenient to the conspirators who attended. Since only Pittsburgh contractors bid at the Western Pa. works, it was convenient to meet downtown. Since both Pittsburgh and Philadelphia contractors were involved in bidding at the Fairless works, a motel near the airport was chosen so that contractors could simply fly in for the meeting. The difference in meeting places does not indicate separate conspiracies, it simply demonstrates the adaptability of the scheme to the circumstances.

The evidence convinces me that there was one general understanding among all the participating electrical contractors which had been in existence for a number of years that bids would be rigged when circumstances permitted regardless of whether the job was at U. S. Steel in Western Pennsylvania, Fairless Hills, Gulf Oil, Arco, Sun Oil or Lukens Steel. Bid rigging at each of these facilities did not reflect separate conspiracies but simply separate manifestations of the same unlawful agreement to rig bids wherever and whenever possible.

Accordingly, the motions to dismiss will be granted.

UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

Nos. 85-1262, 85-1263, 85-1264, and 85-1265

UNITED STATES OF AMERICA,

Appellant

v.

SARGENT ELECTRIC CO., LORD ELECTRIC CO.,
W. V. PANGBORNE AND CO., INC., J.A. BRUCE PINNEY

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA

(D.C. Crim. No. 84-00313-01/02/03/04)

Present: ADAMS, GIBBONS, and STAPLETON, *Circuit Judges*

JUDGMENT

This cause came on to be heard on the record from the United States District Court for the Eastern District of Pennsylvania and was argued by counsel December 2, 1985.

On consideration whereof, it is now here ordered and adjudged by this Court that the judgment of the said District Court, entered March 27, 1985 be, and the same is hereby reversed with direction that trial on the July 19, 1984 indictment may go forward.

ATTEST:

Clerk

March 14, 1986

UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

Nos. 85-1262/63/64/65

UNITED STATES OF AMERICA

v.

SARGENT ELECTRIC CO., LORD ELECTRIC CO.,
W. V. PANGBORNE AND CO., INC., J.A. BRUCE PINNEY,
Appellees

SUR PETITION FOR REHEARING

Present: ALDISERT, *Chief Judge*, SEITZ, ADAMS, GIBBONS, HUNTER, WEIS, GARTH, HIGGINBOTHAM, SLOVITER, BECKER, and STAPLETON, *Circuit Judges**

The petition for rehearing filed by appellee, Sargent Electric Co., in the above entitled case having been submitted to the judges who participated in the decision of this court and to all the other available circuit judges of the circuit in regular active service, and no judge who concurred in the decision having asked for rehearing, and a majority of the circuit judges of the circuit in regular active service not having voted for rehearing by the court in banc, the petition for rehearing is denied.

Judge Adams votes for rehearing for the reasons expressed in his dissenting opinion and because the three-way division in the panel fails to provide the necessary clarity and guidance for the courts in this Circuit in an important area of the law.

Judges Hunter, Weis, Garth and Becker would grant the petition for rehearing.

By the Court,

Judge

Dated: April 18, 1986

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*Judge Mansmann did not participate in this decision.

UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

Nos. 85-1262/3/4/5

UNITED STATES OF AMERICA

vs.

SARGENT ELECTRIC COMPANY, et al.

United States of America, *Appellant*

Pursuant to Rule 41(b) of the Federal Rules of Appellate Procedure, it is ORDERED that issuance of the certified judgment in lieu of formal mandate in the above cause be, and it is hereby stayed until May 25, 1986.

Circuit Judge

Dated: May 2, 1986

UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

Nos. 85-1262/63/64/65

UNITED STATES OF AMERICA

v.

SARGENT ELECTRIC CO., LORD ELECTRIC CO.,
W. V. PANGBORNE AND CO., INC., J.A. BRUCE PINNEY,
Appellees

SUR PETITION FOR REHEARING

Present: ALDISERT, *Chief Judge*, SEITZ, ADAMS, GIBBONS, HUNTER, WEIS, GARTH, HIGGINBOTHAM, SLOVITER, BECKER, and STAPLETON, *Circuit Judges**

The petition for rehearing filed by appellee, W. V. Pangborne & Co., Inc., in the above entitled case having been submitted to the judges who participated in the decision of this court and to all the other available circuit judges of the circuit in regular active service, and no judge who concurred in the decision having asked for rehearing, and a majority of the circuit judges of the circuit in regular active service not having voted for rehearing by the court in banc, the petition for rehearing is denied.

Judge Adams votes for rehearing for the reasons expressed in his dissenting opinion and because the three-way division in the panel fails to provide the necessary clarity and guidance for the courts in this Circuit in an important area of the law.

Judges Hunter, Weis, Garth and Becker would grant the petition for rehearing.

By the Court,

Judge

Dated: April 18, 1986

*Judge Mansmann did not participate in this decision.

UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

Nos. 85-1262/63/64/65

UNITED STATES OF AMERICA

v.

SARGENT ELECTRIC CO., LORD ELECTRIC CO.,
W. V. PANGBORNE AND CO., INC., J.A. BRUCE PINNEY,
Appellees

SUR PETITION FOR REHEARING

Present: ALDISERT, *Chief Judge*, SEITZ, ADAMS, GIBBONS, HUNTER, WEIS, GARTH, HIGGINBOTHAM, SLOVITER, BECKER, and STAPLETON, *Circuit Judges**

The petition for rehearing filed by appellee, Lord Electric Co., in the above entitled case having been submitted to the judges who participated in the decision of this court and to all the other available circuit judges of the circuit in regular active service, and no judge who concurred in the decision having asked for rehearing, and a majority of the circuit judges of the circuit in regular active service not having voted for rehearing by the court in banc, the petition for rehearing is denied.

Judge Adams votes for rehearing for the reasons expressed in his dissenting opinion and because the three-way division in the panel fails to provide the necessary clarity and guidance for the courts in this Circuit in an important area of the law.

Judges Hunter, Weis, Garth and Becker would grant the petition for rehearing.

By the Court,

Judge

Dated: April 18, 1986

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*Judge Mansmann did not participate in this decision.